

The Politics of Walter Elliot 1929-1936

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ABSTRACT

Walter Elliot was one of the most gifted Conservative politicians of the generation which was decimated by the First World War. Trained as a doctor in his native Scotland, Elliot was inspired to a political career by his experience in the trenches. Entering parliament as Coalition Unionist M.P. for Lanark, he established himself on the radical wing of the Conservative Party. Elliot's ability was quickly recognised. He was given junior office in January 1923. Defeated in December 1923, he was returned at a by-election in May 1924 as M.P. for Glasgow Kelvin-grove and was again given junior office in the Baldwin Government of 1924-1929. In August 1931, he was appointed Financial Secretary in the National Government, entering the Cabinet as Minister of Agriculture a year later. In 1936, he became Scottish Secretary then Minister of Health in 1938. He returned to the backbenches in May 1940 with the fall of Chamberlain and never again held Ministerial office but remained an M.P. until he died in 1958.

Elliot was in his day one of the best known and popular politicians and public figures. Tipped by many as a future Prime Minister, he was known as a Tory philosopher and intellectual as well as a man of considerable wit. In any study of twentieth century progressive Conservatism, he must feature prominently. He sought to shake off conventional restraints and strove for more state intervention for the betterment of social and economic life. His experience of Clydeside combined with his innate humanitarianism enabled him to understand the emotions behind socialism. His years at the Ministry of Agriculture represent the zenith of a



full but in the last analysis an unfulfilled political career. Elliot transformed British Agriculture from a highly individualistic, fluctuating industry into one of order and security through the vehicle of producer controlled marketing boards.

Elliot's contribution as Minister of Agriculture and in more general terms as a member of the National Cabinet in the early 1930's is the main consideration of this thesis for it was those years that marked the highpoint of a long political career. 1936 marked the end of his term at the Ministry of Agriculture. It was too the year of the Rhineland occupation and Elliot's failure to resign then or later over the appeasement policies of the Cabinet in all probability cost him his political future. Unfamiliar to the author's post-war generation, Elliot is remembered by their elders as one of the best loved and able politicians of his time. The Conservative Party and the country as a whole but especially his native Scotland were the richer for his existence.



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PREFACE

This thesis has been composed by me and is wholly my own work. It is a political study of a reforming Conservative M.P. and Cabinet Minister. It is not a history of the 1930's from the point of view of an agricultural or economic historian: rather is it a study of a working Minister, his politics and his philosophy.

First of all, I would like to thank my supervisor, Dr. Paul Addison, for all his help and encouragement. I must also thank Baroness Elliot, Malcolm MacDonald, the late Sir Colin Coote, Thelma Cazalet-Keir, Ian Drummond, Rodney Lowe, Andrew Cooper and John Evers. In the course of my research I have been well served by archivists and librarians throughout the country and I wish to record my thanks to the staff of these libraries and record offices: Cambridge University Library, Birmingham University Library, National Library of Scotland, Reading University Library, British Library of Political and Economic Science, Newcastle University Library, Churchill College Library, Bodleian, British Library, Public Record Office, House of Lords Record Office, Durham County Record Office, Kent Record Office, India Office Library, Ministry of Agriculture Library, National Register of Archives, and the National Film Archives. I am grateful too for the help given by Geoffrey Block and the Conservative Research Department and by Gordon Philips of the Times Archives. Finally I would like to thank my parents for their unfailing support.

Chapter 1The Formative Years 1888-1929

Walter Elliot Elliot was born in Lanark on 19th September 1888, into one of the oldest and most famous sheep farming Border families. His father William also owned Lawrie and Symington Auction Mart, one of the largest of its kind in Scotland. When he was four, Elliot's mother died giving birth to his brother Dan whereupon the two boys and their two sisters were sent to Glasgow to be brought up by their maternal grandmother. For a long time the family were kept in mourning and required to make intensive of the bible but the presence of their eccentric uncle brought some measure of relief. Dr. Shiels practised medicine simultaneously in London and Glasgow, prescribing some rather unorthodox cures, but it was as an inventor that he became somewhat of a legend. His most fantastic notion was to be his ruin - he believed that baser metals could be transmuted into gold and established a company, Kosmoids for that very purpose. Dr. Shiels' over-powerful imagination, however, did have a beneficial effect on his nephews and nieces, countering the very strict and religious attitude adopted by his mother. He used to talk on all manner of things and it was from this that Elliot developed his own immense ability to discourse on all topics knowledgeably and with a high degree of originality. It was his uncle's influence, moreover, that led Elliot to study medicine.

As a result of the ill-fated Kosmoid venture, Dr. Shiels became bankrupt and the family moved back to Lanark. Elliot attended Lanark High School before being sent to Glasgow Academy, arguably the leading public school in the city. To his relief, he was not forced to participate in school sports. Elliot was a man of huge physical strength but extremely myopic and unable to play any ball game. Moreover, he hated all sports except swimming and preferred to walk for miles or sit with his nose buried in a book. At the Academy, Elliot met Osborne Mavor, who later wrote under the pseudonym of James Bridie and who became a lifelong friend. With Mavor, Elliot participated in the school's OTC with great enthusiasm. Another fellow pupil was John Reith, later chairman of the BBC. Reith's personality, however, was not congenial to the young, carefree Mavor and Elliot who considered him "a crashing bore".¹ Elliot had by no means a distinguished academic record at the Academy, shining only in General Knowledge but he was very industrious, determined to go on to Glasgow University to study Medicine. This he duly did with Mavor in 1905.

Glasgow University was at that time a very different place from what it became after World War I and even more so after World War II. Elliot himself perceived profound changes and was wont to write in the later stages of his life of the University of Then as opposed to the University of Now.² It was possible then so

¹ Andrew Boyle: Only the Wind will listen: Reith of the B.B.C. p.51 (London: Hutchinson, 1952).

² Glasgow Herald 6 January 1951.

long as fees were paid to stay at the University for a very long time before fading from the scene or settling down to work for a degree. So pleasant was the life that it was not unknown to spend fifteen years paying only courtesy visits to lectures and the rest of the time in contemplation of the world's ills and philosophic principles.¹ The passing of "Chronics" as they were known was bemoaned by Elliot in later life. He was greatly aggrieved that by the terms laid down for national service, the Ministry of Labour and the Education Authorities "extinguished the race of the Chronics." Elliot regretted that the "active, turbulent, brief, student existence from its yellow-beaked chickenhood to its black-gowned fulfilment" usually only took three years by the 1940's and 1950's.²

In the first decade of the twentieth century, Glasgow University was a place of high spirits with a lifestyle all of its own. Elliot was very much one of its characters. He lived in an elegant flat in Blythswood Drive in the Park Ward, later part of his constituency, which was by then the family base in Glasgow although rarely frequented except by the younger brother. It served as a place of refuge for fellow students suffering from the effects of late-night gatherings in the Union. Legend has it that one could hail a taxicab anywhere in the city and giving the direction "take me to Walter's" would duly arrive. Osborne Mavor

¹ Colm Brogan: The Glasgow Story p.141-2 (1952 Frederick Müller).

² Walter Elliot: The Dow Lecture "Adventurer's Coast or The Two sides of the Tay", given during Dundee/St. Andrews controversy 12th Oct. 1953. WE papers Box 2.

penned a verse on this use of Elliot's flat as an asylum for drunken friends which was remembered half a century later by former fellow students although in differing versions.¹

The zest for life expressed itself too in the Rectorial Election campaigns, during which the university area known as Gilmorehill became the setting for running battles and forays into the opposing camps but always in the very best of spirits. The only exception to the good natured if over-exuberant behaviour in Elliot's student days came not during a Rectorial Election but on an occasion at the Coliseum music hall when a quack doctor, Walford Bodie, who had come out badly of a court case, made offensive remarks about medical students. Their reaction, the bombardment of Bodie with tomatoes and peasemeal, degenerated into a minor riot with the police having to intervene. Sir John Boyd, one of Elliot's contemporaries at the University, recalled "Walter taking off his glasses and proceeding to the fray."²

Elliot did not become involved in party politics during his years at Glasgow University. He was a member of the Fabian society, membership of which was not confined to socialists and he played a prominent part in the Liberal Augustine Birrell's Rectorial Election. Elliot was, however, mainly active in internal university politics, being with Mavor the moving spirit of the Students' Representative Council. In 1911, he was the

¹ See appendix I.

² Sir John Boyd to Colin Coote April 1963 WE Papers Box VII. Much of my information on Elliot's early life comes from this source. It was too the basis for the first chapters in Coote's Companion of Honour. (London: Collins, 1965)

unanimous choice for the President of the Union. He made the occasional post-prandial speech in this capacity but other than that played little part in the Union debates for which Glasgow University is still famous.

Elliot was also very much involved with the student newspaper, Glasgow University Magazine. During Elliot's time, G.U.M. reached its peak in literary originality and brilliance as a result of having a series of truly excellent editors. The most notable was Osborne Mavor whose talents attracted other gifted contributors. The G.U.M. flat in North Frederick Street was the setting for constant bustle and activity and discussions far into the night. Elliot upon hearing that it had been bombed during the Second World War commented wryly, "I always knew fire from heaven would fall upon that flat."¹ Elliot was himself a regular contributor using the pseudonym "Parvus". Indeed, Elliot was one of Mavor's sub-Editors in session 1908/9 and became Editor for 1909/1910. Elliot's poetry was mostly simple and amusing, usually on the subject of food. His prose was somewhat dull and his editorials showed little of the unique style and use of imagery he later developed to become such an effective writer.²

Apart from Elliot's activities on G.U.M. and the S.R.C., he spent most of his time outwith studying reading anything and everything that came to hand and indulging in deep discussions on

¹ Sir John Boyd. Ibid.

² Glasgow University Magazine 1908-1910. Some of Elliot's food poems are reprinted in Univ. Verses (1st selection). "Pisces Benedicite" included in Douglas Young's "Anthology of Modern Scots Poems."

philosophy as well as topical issues, with his fellow students including James Maxton who became a lifelong friend.¹ During vacations, he would set off on walking tours with friends such as John Boyd, George Buchanan Smith² and William Renwick. On one occasion, they sailed as crew to Nantes and spent six months in the Pyrenees ending up penniless and having to borrow money to get home.

Elliot's years at Glasgow University had an incalculable effect on his future career. He had a lifelong love for his Alma Mater and was immensely proud in later years to be its Rector during its fifth centenary celebrations in 1951. It was, however, the city of Glasgow itself that made a profound and lasting impact on Elliot. The second city of the Empire had great industrial wealth and grand dwellings but it also had, apart perhaps from New York, the worst slums in the English-speaking world. Elliot's first-hand experience of such social deprivation and deficiencies in health and sanitation combined with his medical training to give him a passionate desire to improve the living conditions of the urban working class. Although Elliot did not accept the Socialist solution, his years in Glasgow enabled him to understand the emotions that motivated those who preached it especially the Clydesiders like Kirkwood and Maxton. Elliot in 1913, however, in the year he gained his MB.ChB, had not thought of a political

¹ Elliot delivered a very moving obituary on Maxton's death on radio 23rd July 1946.

² Son of Principal G. Adam Smith. Killed at Loos.

career. With Mavor, he went to the Royal Infirmary as a houseman. Within a year, however, he found himself being sent to the Front in the First World War.

Elliot rarely spoke of his personal war experiences. These four years, however, determined the course of the rest of his life. In August 1914, he was called up from the Royal Army Medical Corps Reserve which he had joined in April of the previous year. He set sail for France, landing at Nantes which he recognised from his University adventure. In December 1914 he was sent to the Front as Medical Officer to the cavalry regiment, the Royal Scots Greys, after their previous M.O. had been killed at the first battle of Ypres. By all accounts, Elliot showed constant courage and devotion to duty. He was awarded the M.C. in April 1917 for endlessly tending the wounded whilst under fire at Wancourt near Arras and then he received his Bar in November of the same year for his efforts at Cambrai. Five weeks before the end of the war, Elliot was wounded in the foot at Bohain and sent home.¹ He had lived through the holocaust which decimated the ranks of his generation, killing many of his friends and his younger brother who died at Gallipoli. The future leaders of society, producers, consumers, fathers and husbands were killed in their thousands leaving a giant vacuum in British society. Elliot was determined that such a tragedy should never recur and saw his

¹ The main source of my information on Elliot's experience in the First World War is Colin Coote: Companion of Honour p.36-44. Elliot's courage and some of his exploits are also referred to in R. Pomeroy et al.: The History of the Royal Scots Greys 1914-1919 (publisher unknown, 1928).

mission in life to endeavour to influence the course of peacetime reconstruction in such a way as to effect progressive social and economic measures towards the real and lasting improvement of British democracy and society.

During Elliot's last few weeks in France, he received a telegram asking him to stand as parliamentary candidate for his home constituency of Lanark at the forthcoming General Election. He wired immediate acceptance with the words "Yes, which side?"¹ There is no doubt he was attracted by both the Conservative and Liberal Parties, eventually electing to stand as a Coalition Unionist.² With the benefit of the Coupon, Elliot was returned with a majority of over 7000.

Walter Elliot entered Parliament in 1918 as one of the war generation determined to build a land fit for heroes in a non-partisan atmosphere. Traditional party labels meant little or nothing to young M.P.s like Elliot back from the trenches deeply imbued with a spirit of fraternity and dedication. They were determined to carry the spirit of war-time comradeship and cooperation over into the realm of peacetime social and economic policy-making.³ This sentiment of unity and common purpose

¹ Baroness Elliot in conversation with the author 9th Oct. 1976 and the late Sir Colin Coote in correspondence 23/8/78.

² Elliot refers to this decision he had to make in a letter to K. Tennant later Baroness Elliot 18th May 1931 in the possession of Baroness Elliot.

³ Elliot in conversation with J.M. McEwen. See the latter's Ph.D. thesis: 'Unionist and Conservative Members of Parliament 1914-1939' 1959, London, p.153.

expressed itself in political terms in the formation of various political groupings that took place within the Coalition framework soon after the General Election. Elliot took a leading part in several of these groups including the New Members Parliamentary Committee¹ which was formed on 7th April, 1919. Led initially by Oscar Guest, brother of Lloyd George's Chief Whip, its secretaries were Liberal M.P. Colin Coote and Oswald Mosley who was shortly succeeded by Elliot himself. The forty strong group held weekly lunches to discuss their objectives. The primary aim of this all-party group was to work towards the formation of a new centre progressive party, in the belief that it was "desirable permanently to maintain the principles which brought the Coalition Government into existence,"² in effect the radicalisation and consolidation of the Coalition itself on a permanent basis. Nicknamed 'the Babes' by the press, the activities of the group drew the attention and support of certain of the Cabinet notably Churchill, Birkenhead, and Lloyd George himself.

In August 1919, Elliot married Helen Hamilton, the daughter of a R.A.M.C. colonel. Tragically, she died in a climbing accident during their honeymoon in Skye. After this terrible blow, Elliot set up house with Colin Coote in Wilfred Street. Elliot and Coote became lifelong friends, indulging in constant political and philosophical discussion and argument. Both quickly became

¹ Also referred to as the New Members Coalition Committee.

² Part of the group's constitution, reprinted in the press e.g. Glasgow Herald 25 July 1919.

Parliamentary Private Secretaries, Coote to Edwin Montagu at the India Office and Elliot to Sir J. Pratt, Under-Secretary for Health in Scotland. The difference in parties was totally irrelevant with the two young M.P.s sharing several ventures until Coote's defeat in the 1922 General Election after which he became a journalist and ultimately Editor of the Daily Telegraph.¹

With Coote, Elliot became involved in the activities of the League of Nations Union led by Lord Robert Cecil. In June 1921, the two M.P.s were appointed to the Executive Committee which met fortnightly.² The following year Elliot attended two international conferences in Prague and Buenos Aires as a League of Nations Union delegate. Elliot and Coote also played a considerable part in the prevention of a major strike in 1921. The miners' reaction to the government's withdrawal of subsidy and control at the end of March 1921 was to strike immediately. After a few days of deliberation, the railwaymen and the transport workers announced their intention of taking sympathetic strike action. With Lloyd George having declared a state of Emergency and called up the reserves, there was a meeting between the leader of the coal owners and the backbenchers. Elliot who had large numbers of miners as constituents in Lanark, stood up and proposed that the leader of the miners' federation, Frank Hodges, should receive a similar hearing. On that occasion, Hodges, speaking contrary to his executive's instructions, declared his willingness to discuss

¹ I am indebted to the late Sir Colin Coote for talking and writing to me about Elliot's early years in Parliament.

² League of Nations Union Minute 562.

a short-term settlement of wages on a district basis. Upon hearing this, Elliot and some colleagues rushed to Downing Street and woke the Prime Minister. In the event, Hodge's offer did not receive the endorsement of his colleagues and was instrumental in breaking up the triple alliance with the transport workers and railwaymen withdrawing their support thus averting a serious strike.¹

The Irish question was another issue that Elliot and Coote cooperated on at this time. When the Government of Ireland Bill was presented to the Commons in 1920, Elliot and Coote examined its every detail and submitted several amendments which met with the disapproval of the Home Secretary, Sir Edward Carson. One such amendment was intended to give the new parliaments control of their armed forces.² This was rejected without division as was that to grant commercial treaty-making powers.³ The attitude adopted by Coote and Elliot reflected their belief that Ireland could be on the road to disaster and that in the hope of saving the situation, Britain should be prepared to go to extreme lengths of trust. Events, however, overtook the bill. Such was their concern that at the height of the violence in March 1921, Elliot and Coote formed part of a delegation including the Archbishop of

¹ Colin Coote: Editorial (London: Eyre & Spottiswoode, 1965), p.108-9.

² 2 June 1920, 129 H.C. Deb 5s. Coote moved the amendment with Elliot seconding, Cols 1911-1915.

³ Amendment moved by Elliot cols 930-932.

Canterbury to the Lord Chancellor, the Earl of Birkenhead, to protest against the use of terrorism to counter terrorism.¹

Elliot was also prominent in the body of radical young Unionists known as 'The Group'. The original members included Edward Wood, Samuel Hoare, Walter Guinness, William Ormsby-Gore, and Philip Lloyd-Graeme. The vast numerical superiority of the Coalition after the Coupon Election led inevitably to a relaxation in party discipline. This encouraged these young Conservatives to become self-appointed watchdogs to guard against the Government becoming complacent and pursuing retrogressive policies. They met frequently to discuss policy and to coordinate their parliamentary speeches and questions. One of their number, Edward Wood later the Earl of Halifax, recalled the mutual support technique he and his colleagues developed:

"At all points we tried to support each other, and if a minister tried to fob one of our number off with an evasive reply, another of the group would immediately be on his feet protesting against such cavalier treatment of a serious suggestion of my Honourable friend."²

Their two principal concerns were housing and Ireland. Their activities rescued them from back-bench obscurity, gained them recognition as a small but influential force in the House below the gangway, and generally injected a little more life into the proceedings. Moreover, although not its main raison d'être, 'The Group' drew attention to and enhanced the political reputation

¹ George Cockerill: What Fools We Were (London: Hutchinson & Co., 1944) p.99.

² Lord Halifax: Fulness of Days (London: Collins, 1957) p.87.

of its members. Certainly it advanced the cause of their political aspirations. In reply to his Principal Private Secretary's assertion that there was a dearth of potential Conservative Ministerial material, Bonar Law listed six of the Group including Elliot as future Cabinet Ministers.¹ In the event, most of the original members achieved that rank.

Elliot had made his maiden speech on 26 February 1919 on the bill to establish the Ministry of Health - ironically, it was to be the last Cabinet Office he would hold over twenty years later.² His second speech two months later, however, was more impressive. Elliot spoke in full support of the Women's Emancipation Bill introduced by a Labour M.P. to enable women to hold civil and judicial appointments, to sit and vote in the House of Lords, and by amending the Representation of the People Act to put them on the same footing as male electors. Elliot's speech included a passionate indictment of the older generation for their pre-war short-sightedness and their preoccupation with domestic squabbles to the detriment of the nation's defences.

"If there is one class of people who have suffered from the arrogance of their elders it is the generation between twenty and thirty years of age in the British Islands. The young men have suffered and bled and the young women have suffered in tears because the white-haired and hoary antediluvians who were governing our country alike in the trade unions and in Parliament were unable to see what lay as clearly before them as the noses on their faces. Time and again they were shy of taking decisions

¹ Nourah Waterhouse: Private and Official (London: Jonathan Cape, 1942) p.214.

² 26 Feb. 1919, 112 H.C. Deb 5s cols 1888-1891.

because they were afraid of them. Their blood ran cold. They had hot heads and cold feet."¹

Elliot if anything felt that the bill did not go far enough. As well as civil and judicial appointments, he believed that women doctors and nurses should receive military commissions just as they did in other parts of the British Empire instead of the humiliating situation whereby experienced and long-serving female military personnel were outranked by callow young male officers. On this theme, he struck a prophetic note.

"Equal pay for equal work is a good maxim, but it should carry with it equal honour for equal work, and that should be one of the maxims in future."²

Elliot took his support for the bill as far as to vote for its Third Reading thereby contributing to a Government defeat.

The Women's Emancipation Bill was negatived in the House of Lords after the Government introduced the one clause Sex Disqualification Removal Bill which covered only the opening of all professions to women and making them liable for jury service. The latter provision, however, allowed judges to exclude female jurors from hearing particularly grim cases. Elliot condemned in the Commons the double standard of treatment accorded to women. He attacked the Victorian attitude that while one must not say things to women, one could do them. The actual facts of life were far worse than anything women were prevented from hearing under "the conventions of sham chivalry which have grown up." He accepted

¹ 4 April 1919, 114 H.C. Deb 5s col 1614.

² Ibid. col 1615.

that current conventions prevented for the time being the bringing of certain evidence before mixed juries but declared that it was not an attitude with which to proceed through the 20th century.¹

Elliot made a considerable impact in his first four years in Parliament. Aside from his role as one of the leading spirits in the Group and the New Members Parliamentary Committee, he acted as Parliamentary Private Secretary to the Under-Secretary for Scotland, Health, and had much to do with the establishment of a dining club called the Alternative Government Group consisting of M.P.s performing similar functions for other Ministers. Their motto was somewhat disrespectful, "Remplaçons."² Elliot's parliamentary work and obvious ability brought him to the attention of his party hierarchy as well as of the press. Herbert Sidebotham, the famous political commentator who wrote for the Times under the pseudonym 'Student of Politics' considered Elliot the only newcomer worthy of inclusion in his book of biographical sketches and observations from the press gallery, "Pillars of the State" written in 1921. Sidebotham began by considering Elliot's speech characteristics. He had a glorious melodious voice with a most attractive Scottish Lowland burr. He tended to talk faster than he thought but while he was apt to get somewhat distracted from the main thread of his argument, his speeches were always interesting, original and often humorous. Sidebotham declared that with Elliot "a proposition begun in a quizzical drawl will,

¹ 27 October 1919, 120 H.C. Deb 5s col 386/7.

² Colin Coote: Companion of Honour p.46.

like a mountain stream issuing from a bog, end in a spate."¹

Elliot was one of the representatives of the lost generation who had come back from the trenches and gone straight into politics taking with them a combination of youthful enthusiasm and realism developed through their traumatic wartime experiences. This combination, asserted Sidebotham, could be of lasting advantage to British government and politics. He cited Elliot's attitudes on Ireland and the coal strike as examples of the blurring of party lines that had occurred in the aftermath of the war. Sidebotham felt that whether Elliot moved up the ranks of a reformed Liberal Party or a different Conservative alignment was open to question but whatever his eventual party label, he would in all probability attain high political office.

Away from Westminster, Elliot kept up his interest in medical and scientific research. During the 1921 parliamentary recess, he took up an invitation to do some research work at the Rowett Institute in Aberdeen, set up two years earlier as a centre for studying nutrition and farm animals with special consideration of mineral requirements. Elliot first concentrated on the calcium-requirement of the pig. From that, he went on to write a thesis entitled 'Study in mineral metabolism with special reference to rickets and similar bone lesions in other animals and in the human' for which he received a D.Sc. in 1923. Boyd Orr, Director of the Rowett Institute, in later years described Elliot's thesis as a brilliant work which held out exciting and original ideas for

¹ Herbert Sidebotham: Pillars of the State (London: Nisbet & Co. Ltd. 1921). p.237.

further research. Elliot also participated in the Institute's investigations into the mineral content of pastures with a view to discovering deficiencies and devising remedial treatment. The knowledge and experience Elliot obtained at the Rowett proved invaluable a few years later when he became involved on the Empire Marketing Board. It proved too of great advantage when still later he became Minister of Agriculture.¹

In the meantime, however, clouds had been gathering over the Coalition Government. Within the Conservative Party, grave doubts had been growing over the advisability of continuing to cooperate with the Liberals. Many Conservatives had begun to feel that their party was losing its identity and that its association with Lloyd George was detrimental to the cause. Of course there had been a hard core of opposition to the coalition for some years. But by the middle of 1922 the feelings of the extreme right or "Die-Hards" were shared by others towards the centre of the party. Within Elliot's young Unionist set known as "the Group", support for a return to pre-war party politics was almost total. Elliot alone held firm. In April he had spoken strongly in favour of preserving the status quo during the debate on the motion brought by Sir Joynson-Hicks that the lack of coherence and continuity in the Coalition Government could only be remedied if a Ministry of those united in political principle was established.² On that occasion, the coalition received the

¹ The information on Elliot's work at the Rowett comes from Boyd Orr's obituary of W.E. in Royal Society Biographical Memoir 1958.

² 15 April 1922, 152 H.C. Deb 5s cols 2584/87.

endorsement of the large majority of the M.P.s who voted but this proved to be but a temporary respite for as each week passed the campaign to withdraw gathered momentum within the Conservative Party.

Elliot had already in the same month outlined in an article his reasons for his continued support of the coalition.¹ He started from the premise that Britain was confronted with more problems on both the foreign and domestic fronts than in the past fifty years. Unemployment, the poor standard of living, and high taxation were the issues most apparent to the electorate but they were by no means the only questions taxing the government. Elliot asserted that the Coalition was the best vehicle for tackling these problems but declared that at present it offered no long-term, coherent policies. He felt it essential that the coalition should be refashioned without delay and preferably before the next General Election. He recognised the potential impact of the Labour Party. It at least had a philosophy and a message. It had too a future as the alternative government party. The Conservative Party had to seek a philosophy to combat that of the Socialists. "No party," contended Elliot, "will grow without a taproot in metaphysics."

Elliot took India as an example of an issue for which no party offered a realistic solution. He made a vehement attack on his own party's delusory claim of hereditary interest in and understanding of the complexities of the East.

¹ Walter Elliot: Problems and Politicians in The Nineteenth Century April 1922.

"It has shown nothing to make one trust it with these huge estates, and this not from tenderness to its Liberal colleagues but from its own vast amorphous, wallowing, incredible, calamitous, carelessness and stupidity."

Neither the Liberal nor Conservative Party offered on its own the prospect of effective government with policies to deal with contemporary problems. The coalition, therefore, had to be maintained for the time being but improved. Elliot insisted that the Labour Party had come to stay and would get over "the scarlet fever of its infancy" to become the alternative government in the re-emergence of the two party system.

The envisaged Centre Party which Elliot and colleagues of similar persuasion had hoped would develop out of the Coalition as the alternative to Labour did not materialize. The concept was to recur many times during the inter-war period especially during 1929-1931 but by 1922 any immediate prospect had evaporated. Opposition to the continued existence of the Coalition gathered momentum. It took two forms with distrust of Lloyd George figuring highly in both. His more moderate Conservative critics supported most of the government policies but harboured a desire to regain independence and form a Conservative administration. On the extreme right of the party, however, hatred of the Liberal Prime Minister was combined with opposition in principle to coalition.

Elliot was one of only 86 Conservative M.P.s who voted in favour of maintaining the Coalition at the Carlton Club on 19 October 1922. He did so in the belief that the post-war situation particularly in domestic affairs required constructive legislation

and also that the achievement of the Irish settlement justified its perpetuation. There were however other influences such as his antipathy to the Diehards, prominent among the majority who voted to disband the Coalition. To a young M.P. like Elliot radicalised by the experience of war, these right-wingers represented the biggest threat to post-war progress with anachronistic imperial views including their virulent opposition to Irish Home Rule and their bitterness towards Lloyd George and the Liberals. It is important moreover to note that the majority of Scottish Unionist M.P.s also voted in favour of the Coalition. Indeed their numerical strength of 18 meant that of those who voted with the Conservative Leader, Austen Chamberlain, 21% sat for Scottish constituencies.¹ This can be explained by the fact that not only were Scottish Conservative M.P.s generally more radical than their English counterparts but also that many of them, by virtue of the coupons and electoral pacts of 1918, represented constituencies with inherent Liberal majorities in what was, after all, a land of strong Liberal traditions. In Elliot's case, his political sympathy with and the influence of Liberal colleagues in the New Members Coalition Group served only to harden his attitude. There was at no time any doubt that he would not vote for the Coalition.²

In the days following defeat, Austen Chamberlain and his

¹ Best source for voting pattern at Carlton Club is Michael Kinnear: The Fall of Lloyd George p.222-242 (London: Macmillan, 1973).

² Sir Colin Coote had no need to try and influence his friend, as he recounted in a letter to the author 23 August 1978.

supporters licked their wounds. A hard core of around fifty remained loyal to the man who had been elected Leader of the Conservative Party in March 1921 and who now made way for Bonar Law. On the same day as the vote, Elliot signed a declaration against the ingratitude shown towards Lloyd George and the Coalition Liberals. The signatories went on to disassociate themselves from the new regime and reaffirmed their support for coalition.¹ Four days later on 23rd October, Chamberlain's supporters including Elliot honoured their leader at a dinner which served to give further notice that their loyalty remained undiminished.

It seemed for a while that this group might provide the nucleus of the Centre Party of the future. The Chamberlainites hoped to hold the balance between the Conservative administration and the Opposition but this aspiration was short-lived for Bonar Law received an absolute majority at the General Election of 15th November 1922. Elliot held Lanark with a considerably reduced majority over the Labour candidate. Elsewhere in Scotland the Socialists made a spectacular electoral advance leaving the Conservatives with only 16 M.P.s, half the number returned in 1918. Glasgow in particular went 'red' with passionate ILP street orators like James Maxton, David Kirkwood, Campbell Stephen, and George Buchanan being returned to Parliament. The Chamberlainites themselves were quite successful but the Lloyd George Liberals were

¹ Maurice Cowling: The Impact of Labour 1920-1924 (Cambridge University Press, 1971) p.252.

routed, Elliot's closest friend, Colin Coote, being one of the defeated. On 13th December the Conservative rebels met in St. Stephen's House on Thames Embankment to consider future strategy.¹ Some favoured guerilla tactics but the majority agreed that while no favours would be given, nothing should be done to rock the boat of the Law administration. The Earl of Birkenhead was the driving force behind the Chamberlain group with ex-Ministers like Sir Robert Horne, Sir Ernest Pollock and Sir Leslie Scott among those most closely involved. Their professed aim was to reform the Coalition with Lloyd George at its head but in reality their prime concern was to present themselves as the alternative leaders of the Conservative Party. Certainly they were not lacking in talent and experience. All those present at the business meeting agreed to remain aloof from the Law administration and refuse portfolios. This resolution however did not stand the test of time and within two years after various manoeuvres the Chamberlainites were back in the Conservative camp and reunification was complete.

Elliot was in fact one of the first to be detached. In January 1923 he was offered and accepted junior office as Parliamentary Under-Secretary of Scotland, Health. With the exception of the period of the first Labour Government, Elliot was junior Minister at the Scottish Office until 1929.² It was not the

¹ Andrew Boyle: Only the Wind Will Listen: Reith of the BBC p.118. J.C.W. Reith: Into the Wind p.82 (London: Hodder & Stoughton, 1949).

² With the status of the Scottish Secretary being raised in July 1926 to Secretary of State, Elliot became Under-Secretary.

most propitious department from which to advance further up the political ladder but it did offer unique and comprehensive experience in social and economic policy making. Moreover, Elliot was dedicated to its fundamental aim in the 1920's, that of radically improving the deplorable social and economic conditions of his native land. As a medical man, he could appreciate all too clearly the terrible effects on health of living in a squalid urban environment especially that of Glasgow with its appalling slums. The first major measure he was involved with was Chamberlain's housing bill introduced in April 1923 to extend the powers of the local authorities and subsidise private and council housing. The Scottish Office fought in vain for separate assessment instead of receiving the flat-rate £6 per house subsidy. Elliot winding up the Second Reading made no attempt to conceal his disappointment. He went on, however, to defend the inclusion of Scotland in the same bill as England and Wales on the grounds that once the argument for separate financial treatment had been lost, there was no justification for two bills.¹ Elliot himself, looking back on later years, considered this speech to have been his best parliamentary effort of the period.²

In May 1923, the ailing Bonar Law was succeeded as Prime Minister by Stanley Baldwin. The man who was destined to dominate the British political scene for most of the inter-war years had been a relatively unknown Minister in the Lloyd George

¹ 24 April 1923, 163 H.C. Deb cols 412-420.

² Midland Daily Telegraph, 4 August 1931.

Government who had suddenly come to the forefront of the Conservative Party in the fateful autumn of 1922. Baldwin had played a leading role in the destruction of the Coalition, being more opposed to Lloyd George on grounds of personal morality than anything else but this in no way categorised him as a right-winger. On the contrary, Baldwin had taken on the post-war attitudes of the younger men in his party and led from left of centre. He believed his mission in life to be the elimination of every possibility of a class war by promoting social reform and the education of the Labour Party in parliamentary behaviour, easing its transition from a revolutionary pressure group to the alternative government. This recognition of the legitimate aspirations of Labour and of the need for progressive social and economic policies was of course shared by Elliot who rapidly developed a lasting admiration of and loyalty for Baldwin. Their personalities had many common facets such as a dry sense of humour and the ability to get on with anyone regardless of political persuasion. Both men were wont to sit in the smoking room in earnest conversation with Socialist M.P.s, often the Clydesiders with whom Elliot had a special relationship which was consolidated in later years after he himself had become a "Clydeside" M.P. albeit a Tory one. How different was the attitude of another man who was destined to play a crucial role in British inter-war politics and in Elliot's career, Neville Chamberlain.

Chamberlain as Minister for Health was Elliot's immediate superior in the Commons for part of 1923 since the Scottish

Secretary, Viscount Novar, was in the Lords.¹ This meant that he and Elliot worked together at close quarters for much of the time. Elliot later recalled how he was struck by Chamberlain's administrative genius and work capacity.² There is no doubt however that in their political and personal attitudes they were poles apart. This is aptly illustrated by their contrasting reaction to an incident involving the Clydesiders. The occasion was the debate on the Scottish Board of Health Estimates towards the end of June 1923. James Maxton made a passionate bitter attack on the Government's earlier withdrawal of maternity milk and food grants and of hospital accommodation for some child illnesses like measles and whooping cough. The child mortality rate in Scotland was much higher than south of the border. With much emotion, Maxton spoke of the anguish of Scottish parents watching their children fight for their lives. He spoke of his personal tragic experience - he had in fact seen his own wife die after successfully fighting to save their child.³ He did not accept the official argument that the high figures for 1922 were due to an epidemic which occurred in the last few months of the relief grant's availability. He lambasted the Government for having gone through with the cuts in these circumstances. Those M.P.s who had supported the measure were, declared Maxton, "murderers".⁴

¹ Chamberlain became Chancellor of the Exchequer in August 1923 and was succeeded at the Ministry of Health by Joynson-Hicks.

² WE "Neville Chamberlain" in Great Conservatives, CPC Number 126 (London 1953).

³ 27 June 1923, 165 H.C. Deb col 2381.

⁴ 27 June 1923, 165 H.C. Deb col 2382.

Sir Frederick Banbury, the cantankerous die-hard M.P. for the City of London, objected to the use of this non-parliamentary language. He himself had incensed Maxton by calling "hear hear" when the latter quoted the Government as saying it was necessary to economise. His point of order concerning Maxton's use of the word "murderers" only made matters worse. Maxton refused to withdraw and told Banbury that he was one of the worst. At this point Maxton's fellow Clydesider, John Wheatley, joined in and repeated the controversial word. Elliot tried in vain to calm the situation by attempting to dilute what Maxton had said, explaining it as a heat of the moment outburst. In the end after Wheatley and Maxton had refused to withdraw or leave the Chamber, they were named by the Speaker and after a division were suspended. Scarcely had the M.P.s settled again after the vote when a third Clydesider, Campbell Stephen, stood up and repeated the forbidden word. He too was suspended. Stephen was followed by George Buchanan although for a different reason. He had accused the Speaker of partisanship since he did not suspend the Conservative M.P. Sir G. Hamilton for calling out "Jew" while Emmanuel Shinwell was defending the attitude of his expelled colleagues.

The storm eventually died down. In his winding up speech, however, Elliot made a sympathetic reference to the incident. He asserted that Maxton's personal experience explained his bitterness and use of non-parliamentary language. Further, he declared that Maxton was "one of the most sincere, sympathetic, and one of the finest characters in the House."¹ If these remarks showed

¹ 27 June 1923, 165 H.C. Deb col 2421.

"the grace and even greatness" of Elliot's character,¹ they astonished and infuriated Neville Chamberlain. Unlike Elliot, he could not appreciate the emotions and mental processes of the Clydesiders nor indeed could he even understand Socialism as a political creed. He wrote of his incredulity to his sister, Hilda:

"I cannot understand the psychology of some of our men who walked across to their benches and endeavoured to reason with them nor of Elliot who said in his next speech that Maxton was one of the most sympathetic and finest characters in the House. I think this sloppy sentimentality is quite as bad as Hamilton's rudeness and I shall take an opportunity of telling Baldwin so when I get a chance."²

Chamberlain was further annoyed by Elliot five months later, this time over moves to reconcile his brother, Austen, and his supporters. Baldwin had by the autumn of 1923 decided to seek a mandate for Protection. This prospect horrified the Free Trade stalwarts in the party such as Salisbury and Lord Robert Cecil who were even more shocked upon discovering that the Prime Minister was set upon an immediate election. On 13 November however, something much worse came to light - moves towards "reunion" and the imminent inclusion in the Cabinet of the Earl of Birkenhead and Austen Chamberlain.³ Salisbury and his colleagues threatened resignation. Elliot and Ormsby-Gore were two of the Under-Secretaries most opposed to the manoeuvres. Elliot was at this

¹ J. McNair: James Maxton: The Beloved Rebel (London: George Allan & Unwin, 1955) p.121.

² NC to Hilda, 30 June 1923, NC papers 18/1/400.

³ Maurice Cowling: The Impact of Labour p.323.

time a free trader but not fanatically so. His objection was that Birkenhead was such a scurrilous character. Neville Chamberlain took the view that moves towards "reunion" had gone too far to be reversed by order of the Under-Secretaries. He felt that "the interests of the country outweighed personal considerations" and that the Junior Ministers should be "told that to put their personal dislikes first at such a crisis was disloyalty to their chief".¹ In the event, however, Baldwin was convinced by reports from the constituencies that the time was not ripe for reconciliation. On an ironic note, Hankey's attitude at this time to the management of the Conservative Party was that "Baldwin has nerve but scant capacity, and I fear will not last long".²

The General Election of 6 December 1923 was a disastrous one for the Conservative Party. Baldwin had squandered a perfectly adequate majority in an attempt to get electoral release from Bonar Law's Free Trade commitment and secure a mandate for protection. Many Ministers were defeated including Sir Montague Barlow,³ Sir Robert Sanders,⁴ J.C.C. Davidson,⁵ and Major Boyd-Carpenter.⁶ Elliot too was a casualty losing in Lanark by 230 votes to the Labour candidate, Thomas Dickson. His loss was a blow for the Conservative Party which needed all the gifted personable young Members it could get. Even Chamberlain, so often critical of the younger man at this time, was moved to express

¹ NC Diary 18 November 1923.

² Hankey Diary 11 November 1923.

³ Former Minister of Labour.

⁴ Former Minister of Agriculture.

⁵ Former Chancellor of the Duchy of Lancaster.

⁶ Former Paymaster-General.

his regret:

"You have made such a position for yourself in the House that we can't afford to lose you especially in Opposition where your debating powers would have full scope. So don't be long."¹

Elliot did not have long to wait before an opportunity to return to Westminster presented itself. William Hutchison, Conservative M.P. for Glasgow Kelvingrove, died and Elliot was adopted as Tory candidate in the by-election to be held on 23 May 1924. Elliot knew Kelvingrove only too well. Glasgow Academy stood on its northern dividing line, Great Western Road, while the University was situated on its western boundary, the River Kelvin. The constituency had professional, middle-class areas within it particularly in the north and west. It had too, however, one of the poorest wards in Glasgow, Anderston, which consisted of streets and streets of slum tenements described by Elliot as "these great, gaunt rookeries".² Overcrowding and appalling sanitation made Anderston which extended down to the Clyde one of the most deprived parts of the City.

The by-election campaign was rowdy and unruly with Elliot waging a constant battle to make himself heard. Among those who came to speak for him was Nancy Astor. Elliot wrote from his favourite hotel, the Central, to enlist her help signing the letter "in partibus Bolshevorum". He declared that she was about the only colleague he dared ask to face Glaswegian hecklers - his

¹ NC to WE quoted in Colin Coote: Companion of Honour p.83.

² Observer 20 December 1925.

friend, Ormsby-Gore, for instance, had "no presence to stand up to the Clydeside Bolshies."¹ Lady Astor duly arrived in Glasgow and spoke in the last three days of the campaign.² Polling day was 23 May. Elliot was elected with a majority of 4321 over the Labour candidate, Aitken Ferguson, four times greater than that of his predecessor. It was a sensational result for the Conservatives with a 5.8% swing from Labour and a Liberal lost deposit, coming as it did only a day after Labour with a 4.6% swing had taken Liverpool West Toxteth. It marked the turning point in the Conservative Party's by-election fortunes during the first Labour government for of the remaining four single member seats that fell vacant, the Conservatives gained two and held one with Carmarthen retained by the Liberals.³ Kelvingrove was, too, a personal triumph for Elliot. He was to hold the seat for most of his life. Defeated in 1945, he returned to the House of Commons the following year in the Scottish Universities by-election and then in 1950 he recaptured Kelvingrove and held it until he died.

Elliot returned to a Parliament very different from that of 1923. For one thing the complexion of the government had changed and the Labour Party was in office. Baldwin had lingered on until mid-January 1924. The Conservatives were after all the largest single party but it was to the Socialists that the Liberal Party had turned and thus Ramsay MacDonald had formed the first Labour

¹ WE to Nancy Astor, Nancy Astor Papers File 424.

² The Glasgow Herald 13-24 May 1924 offers the best coverage of the Kelvingrove by-election.

³ C. Cook & J. Ramsden (ed.): By-Elections in British Politics (London: Macmillan, 1973) p.64-66 & p.364.

administration. The new Government, inexperienced in practical policy formulation, nevertheless pursued a constructive policy abroad, and at home, although unable to offer any solution to the unemployment problem, it did take some positive action, the most notable measure being Wheatley's Housing Act. It was however a minority Government totally dependent on the support of the Liberal Party. By autumn with this Liberal support wavering it was evident that another election had to be held and this was precipitated by the Government's handling of the Campbell case. The Conservatives were united and eager for office. The reconciliation between Baldwin, Austen Chamberlain and Birkenhead had eventually taken place in February and the two former rebels had been received back on to the Shadow Front Bench. Protection had been dropped from the party manifesto. Instead it offered a constructive programme of social and economic reform, focussing on housing, local government and pensions.

Elliot found himself fighting his second election in five months, his third in less than a year. On polling day, 29 October 1924 he was again returned as M.P. for Kelvingrove with the increased majority of 5190. The Conservative Party won with considerable ease, aided and abetted by the Zinoviev Letter. Among those returned to Parliament for the first time were several young Tories of high calibre and potential. The election of men like Oliver Stanley, Harold Macmillan, Duff Cooper, Robert Boothby and John Loder greatly encouraged Elliot. Baldwin too welcomed the influx of more young war survivors with social ideas

and political prejudice far removed from the old style politics at Westminster. Baldwin had of course the onerous task of Cabinet-making. His most controversial appointment was that of Churchill, who had gone his own way since 1922, as Chancellor of the Exchequer. It was a shrewd, calculated move on Baldwin's part to contain the other's trouble-making potential. Chamberlain who had been at the Treasury during the last few months of the previous Conservative Administration was not aggrieved as he wished to return to Health. He did however object to the apparent hastiness Baldwin showed in wishing to name his team and his failure to consult his senior colleagues.

"He is unfit to be leader, that is the long and short of it and I foresee splits in the Cabinet, resignations and the destruction of our great power before long."¹

From Tom Jones's diary, we know that Baldwin considered making Elliot Minister of Labour but thought better of it and chose Steel-Maitland instead, a somewhat unpopular choice. In reply to Jones's query about Elliot for Labour, Baldwin replied "Well, I had him in mind, but my courage failed me."² One can only speculate as to what exactly Baldwin meant by that remark. Elliot was still very much a political tyro and perhaps Baldwin felt reluctant to put someone without much experience into such a sensitive office. Perhaps, too, he was concerned at Elliot's tendency to stray from conventional party behaviour for although

¹ NC Diary 6 November 1924.

² K. Middlemas (ed.): Tom Jones Whitehall Diary Vol 1 1916-1925 (Oxford University Press, 1969). 8 November 1934, p. 304.

he was essentially a Baldwinian Conservative, Elliot did sometimes appear to show unreasonable sympathy with Liberal and Labour arguments. Baldwin knew that to have made Elliot Minister of Labour would have caused a furore on his right wing. Moreover, to promote so quickly a young man who had voted against him at the Carlton Club would have made Baldwin very unpopular with those who had supported him. In the end, he decided that Elliot would benefit from a few more years of political apprenticeship to smooth the rough edges, and perhaps also to moderate his impulsiveness and to dilute his reputation as one of Westminster's humorists. Consequently, he sent Elliot back to the Scottish Office.

Elliot's new chief was Sir John Gilmour. He too had voted in favour of the Coalition in 1922. Industrious and straight forward, he was a man always loyal to those with whom he worked. Undoubtedly, Elliot had a far superior intellect but the two men combined well together, working long and hard to tackle Scottish problems. The major question was still housing. To Elliot, housing legislation was just one example of a sphere of life in which government intervention could be a powerful force for good. Rising building costs and the 1910 land tax proposals had brought housing construction to a standstill before the First World War. It was now estimated that 150,000 working class houses were required. The average annual construction rate was 6,000 and since a rate of 10,000 was needed just to maintain the position, the situation was worsening. It was not surprising, therefore, that Gilmour and Elliot were eager to investigate any possible

remedy. Steel houses seemed to have much to commend them. With Chamberlain, they embarked on a campaign to have the steel house accepted as part of the national building programme. The obstacles were many. Most of the Labour Party regarded the houses as unsatisfactory while the building unions objected strongly that unskilled labourers were employed to erect them. In Scotland, the position was somewhat different. Union opposition was found there too but Scottish Socialists took a more favourable view. After all, it was John Wheatley, Scottish Secretary under MacDonald, who authorised the construction of a model house at Cathcart, Renfrewshire in September, 1924. Despite public utterances to the contrary, the Scottish Labour M.P.s took the view that steel housing was better than nothing.

In December 1924, Chamberlain visited the firms in Scotland offering steel housing construction.¹ It was intended, subsequently, to have local authorities build demonstration houses. Union opposition, however, delayed construction and led to a court of inquiry which vindicated the Government. In May 1925, Chamberlain had to tell the Commons that only ten local authorities in England and Wales had started on demonstration steel-houses and that only four had been completed.² Elliot and Gilmour, however, pressed Baldwin to give them the go-ahead to inaugurate a steel house construction programme in Scotland. Chamberlain recognised that Scotland presented "a far more favourable background for the fight

¹ The Times 8 December 1924.

² 14 May 1925, 183 H.C. Deb 5s col 2020.

with the T.U.s than England..." The English housing situation had improved considerably whereas in Scotland the position was worsening rapidly. Chamberlain, characteristically, felt he could make a better job of handling the problem than the Scottish Secretary.

"I wish I had the conduct of affairs instead of Gilmour. He is thoroughly honest, courageous and well meaning but he strikes me as lacking in knowledge of how to deal with his people."¹

Chamberlain was none too complimentary either about Elliot. Commenting on the Cabinet decision to agree to a Scottish housing subsidy and to authorise Gilmour to order houses direct in the absence of local authority action, Chamberlain wrote to his sister that he had "very little confidence in the Scottish Office which will always make a bungle if it is possible to do so or in Walter Elliot who is a clever windbag."²

On 18 December, Baldwin announced the Government decision to finance the construction of 2000 steel houses itself through the Scottish National Housing Company, an agency of the Scottish Board of Health established in 1914 to build homes for workers at the naval yard at Rosyth, Fife.³ It was the 50% allocation given to the Weir Engineering Company of Cathcart that provoked the most bitter controversy over his insistence on employing unskilled labour. Indeed the Scottish Socialists were not so much hostile

¹ NC to Ida 23 Sept. 1925. NC Papers 18/1/501.

² NC to Hilda 14 Nov. 1925. NC Papers 18/1/509.

³ 18 December 1925, 189 H.C. Deb 5s cols 1895-1899.

to the idea of steel houses but to William Weir himself and his anti trade-unionism. The Supplementary Estimates to finance Scottish housing including the steel houses were debated on 11 February and 3 March 1926, Elliot making excellent speeches on both occasions.¹ He proved beyond all doubt his ability to produce a serious, well-structured case if the occasion demanded. He showed too his ability to deal with the interruptions of skilful debaters like Ramsay MacDonald, Tom Johnston, and David Kirkwood. The housing debates confirmed Elliot's all-round parliamentary skill and increased his standing in Westminster and without.

The General Strike of May 1926 delayed construction of the steel houses. Elliot as a junior Minister was of course subject to restrictions on public utterances, having to adhere to the official line. Of his personal views, there is little indication other than that he was horrified at the prospect of a bill hostile to the trade unions being rushed through Parliament at such a time.² As time went on, union opposition to Weir collapsed and building was able to proceed. Chamberlain took less and less interest in the project as it had become increasingly evident that such a scheme was not going to get off the ground in England. Gilmour and Elliot therefore were left to get on with it. In July, the status of Scottish Secretary was upgraded to Secretary of State. Elliot was made Parliamentary Under-Secretary of State,

¹ 11 February 1926, 191 H.C. Deb 5s cols 1373-1383.
3 March 1926, 192 H.C. Deb 5s cols 1516-1528.

² Tom Jones Diary 10 May 1926, vol II, p.47.

thus becoming Gilmour's deputy in all affairs north of the Border. Despite problems including the financial troubles of Weir and Glasgow city council's refusal to take over a factory geared for large scale construction, steel house building did make some contribution towards easing Scotland's housing problem.¹

The many aspects of public health and housing preoccupied the Scottish Secretary and his assistant in the late 1920's. Gilmour was full of praise and admiration for the energy and ability shown by his Under-Secretary. Elliot was, he asserted, "a tower of strength to any Office."² There was certainly plenty of opportunity for Elliot to shine in the unique atmosphere of the Scottish debates. The annual consideration of the Scottish Board of Health estimates occasioned lengthy, argumentative debates which were however always conducted in a good-natured manner. Woe betide any poor Englishman who tried to get a word in! He was liable to be told by Elliot or Kirkwood that he had no right to interrupt while Scots were discussing a matter of concern only to themselves.³

Kirkwood like the other Clydesiders was extremely vocal on the question of Scottish housing. He had made a bitter personal attack on Lord Weir as he sat in the gallery during the first debate on steel housing.⁴ His speech in July 1927 on the

¹ Of the 13,600 houses built in Scotland in 1926, 1100 were of the steel variety. 202 H.C. Deb 5s col 1490.

² Glasgow Herald, 6 November 1926.

³ 191 H.C. Deb 5s col 1313. 209 H.C. Deb 5s col 641.

⁴ 11 February 1926, 191 H.C. Deb 5s col 1315.

Scottish Board of Health estimates contained all the usual ingredients, contrasting the life-styles of the poor and the rich and accusing English M.P.s of caring nothing about the fate of the Scottish working class.¹ Elliot who spoke shortly thereafter was constantly interrupted by Kirkwood who he had indicated at the beginning of his speech could learn from his colleague, Maxton, with his "masterly manner" how to keep within the rules of a debate.² Elliot agreed that poverty was the root of all problems of modern industrialism and civilisation. He did not shy away from "that festering sore" namely "the desperate and appalling state of housing" in many parts of Scotland.³ In reply to criticism of two-roomed house construction, Elliot pointed out that the previous Labour administration had not acted to prevent it and that three rooms was the minimum in any scheme directly sponsored by the Government including the steel houses. In fact Elliot felt that two-roomed houses could be condoned so long as they represented an improvement on what they replaced. Such were conditions in the 1920's, that there were many dwellings that would have been condemned even by previous lower standards. Elliot believed that until the worst were demolished, it was pointless to undertake reclassification. He went so far on a later occasion as to say he would be willing to accept one-roomed apartments in these desperate circumstances, to ease overcrowding

¹ 21 July 1927, 209 H.C. Deb 5s cols 622/629.

² Ibid. col 637.

³ Ibid. col 639.

particularly in Glasgow.¹ Through the skill and hard work of the Scottish administration over 20,000 houses were being built per annum by 1929. This feat served to dilute the criticism of the Opposition and to enhance the political reputations of the two men responsible.

Elliot had one other major concern during his years of political apprenticeship. In March 1926, Baldwin established the Empire Marketing Board on the recommendation of the Imperial Economic Committee. Chaired by the Dominions Secretary, Leo Amery, the Board was an enterprising and enthusiastic body. No one contributed more to that than Elliot who quickly became one of its moving spirits. His scientific training, ideas, energy and boundless enthusiasm were invaluable. For three years he was Chairman of the Research Grants Committee which concerned itself with all aspects of agricultural production and provided grants for scientific research with an allocation of 25% of the Board's budget. Elliot was most directly concerned with research into the relationship between the mineral content of pastures and their nutritive value.² One of his pet projects was the establishment of a "parasite zoo" with a view to breeding and despatching throughout the Empire those parasites which kept down the numbers of harmful insects, in effect redressing the balance of Nature that the diversity of Imperial agriculture had upset.³

¹ 11 June 1928, 218 H.C. Deb 5s col 769.

² Sir John Boyd-Orr and Sir Stephen Tallents obit. of WE in Royal Society Biographical Memoir 1958, p.76-79.

³ The Times 21 June 1927.

Elliot's work for the Empire Marketing Board fitted in with his special interest in agricultural science and economics as did a trip to Palestine with Boyd Orr and Russell¹ in April 1927 and his leadership of a three-man delegation to Nigeria during the winter of the same year under the auspices of the Empire Parliamentary Association. Elliot was never a dogmatic Free Trader although he did not become a convinced Protectionist until the late 1920's by which time it seemed to him that nothing else would arrest unemployment or the potential collapse of British agriculture. In the years before the 1929 General Election, however, Elliot was more concerned with promoting the aims of the non-political Empire Marketing Board to encourage voluntary preference on the part of British consumers for Empire products than he was to participate in the arguments already beginning to be heard again in his party for and against Protection. One thing that he did feel strongly about was the need to re-organise the Government departments responsible for imperial affairs. He believed that having one Minister for Empire and two for Europe was the wrong way round. He suggested to Tom Jones that there should be separate Dominion and Colonial Ministries with in addition the Chancellor of the Duchy of Lancaster becoming Chairman of both the Imperial Economic Committee and the Empire Marketing Board. Of the three Empire Ministers, one should be continually travelling throughout the Empire and thus only two

¹ Sir John Russell, Director of Rothamsted Experimental Station.

would attend the Cabinet.¹

Elliot had seen what a government could accomplish in a wartime situation freed from its normal self-imposed restraints in peace time on intervention in many aspects of social and economic life, in particular industrial production and efficiency. He and many of his fellow young Conservatives were determined that there would be no return to pre-war laissez-faire Conservatism. Instead, they were determined to convince their party that large-scale intervention was not only necessary for Britain's economic progress but moreover for any real improvement in industrial relations and the general social condition of the people. Four of these progressive Conservatives namely Robert Boothby, Harold Macmillan, John Loder, and Oliver Stanley published in 1927 a political tract which set out proposals for improving the mechanism of consultation between government, trade unions, and management on the principle that the state must play a more positive role in the reorganisation of industry.²

Elliot too made a literary contribution in 1927 but his "Toryism and the Twentieth Century" was of a far more philosophical and complex nature.³ After treating his readers to a highly individualistic whistle-stop trip down the ages of parliamentary

¹ Walter Elliot to Tom Jones 23 July 1928 in Tom Jones Whitehall Diary Vol II, p.140-141.

² Industry and the State: A Conservative View (London: MacMillan, 1927).

³ Walter Elliot: Toryism and the Twentieth Century (London: Philip Allan & Co. Ltd., 1927.)

and party history, Elliot expounded the belief that instinct and observation of life must be the guide in the major political task of formulating the conditions of the industrial state. Twentieth century industrial problems should be solved by voluntary association instead of the alien, dogmatic theories of Socialism. Elliot's main objective was to provide his party with a philosophy, fundamentally related to instinct. Toryism, he asserted, was not and could not be a creed of logic. Indeed its strength was and must be that it was based on the irrational in man. After all, life, love, and death were all irrationalities.

Elliot's theories created considerable political controversy among older Conservatives. Baldwin wrote a eulogistic introduction but even he could not go as far as accepting Elliot's conclusion that "biology is the logos of Toryism".¹ For Elliot the scientist, Toryism was kinetic, a moving philosophy which should adapt itself to changing circumstances in the same way as did nature itself. Only to a very few Conservatives was Toryism a philosophy of life as it was to Elliot. Press reaction was for the most part excellent. Around the time of publication, Elliot was mentioned as a candidate for the post of Financial Secretary to the Treasury following Ronald McNeill's move to the Chancellorship of the Duchy of Lancaster in place of Cecil who resigned over the failure of the Disarmament Conference. Many papers saw the fact that Baldwin had written the preface as significant. The Manchester Guardian had already declared that

¹ Toryism and the Twentieth Century p.134.

Elliot was known at Westminster to be "the ablest brain that has accrued to the Conservative party in the present political generation."¹ Baldwin's introduction served to confirm the Manchester Guardian's belief that Elliot was favourite for the vacancy. At any rate it proved "that his intellectual abilities and especially his unusual combination of the scientific with the political mind, are fully appreciated by the head of the Government."²

The Daily Sketch gave Elliot a rapturous review. It asserted that he expounded his theory "with a provocative liveliness that makes his book capital reading."³ The Times asserted that it showed "how fertile are the minds which the modern Conservative Party attracts and contains."⁴ The Daily Telegraph felt it proved that it was not in Elliot's nature "to wield a dull pen any more than it is to make a dull speech in the House of Commons."⁵ The Daily Express took the idiosyncratic view that the book represented "a medical vindication of his political views"⁶ while the Glasgow Herald trumpeted it as "Major Elliot's joyous challenge to philosophy."⁷ The Observer wished that "all Conservatives were as enlightened"⁸ while The Sunday Times forgave what it saw

¹ Manchester Guardian 20 Oct. 1927.

² Manchester Guardian 26 Oct. 1927.

³ Daily Sketch 26 Oct. 1927.

⁴ The Times 26 Oct. 1927.

⁵ Daily Telegraph 26 Oct. 1927.

⁶ Daily Express 27 Oct. 1927.

⁷ Glasgow Herald 27 Oct. 1927.

⁸ Observer 30 Oct. 1927.

as some hasty generalisations for its flashes of real insight.¹ Peter Ibbetsen of the Nation and Athenaeum was "stupefied by its audacity" with the division of mankind into two groups - Whigs, mathematicians, rationalists, philosophers against Tories, biologists, evolutionists and intuitionists.² The New Statesman commenting on its complexity, asserted that many readers "after several desperate attempts to understand what it is all about, will probably conclude that they are having their legs pulled." Elliot's argument was "an adventure that takes one's breath away."³

If this "metaphysical handbook on Toryism"⁴ confounded many of his Conservative colleagues by getting down to first principles, it certainly showed that Elliot was not stagnating intellectually during his time in the political backwater of the Scottish Office. On the contrary, Elliot was at this time giving much thought to the need for the Conservative Party to introduce progressive reforms not only for economic and social reasons but also to dilute the political appeal of Socialist Utopianism. Writing in the first issue of the Kelvingrove Unionist Magazine, Elliot stressed the importance and potential of adult education. It had been recognised from the beginning by the Socialists who had established colleges and the Workers' Educational Authority. Elliot asserted that the future of Britain and the Conservative Party depended to

¹ The Sunday Times 30 Oct. 1927.

² Nation and Athenaeum 12 Nov. 1927.

³ New Statesman 19 Nov. 1927.

⁴ Westminster Gazette 27 Oct. 1927.

a large extent on the degree to which Conservatism adopted and used the weapon of adult education. Everyone should study and debate the great issues of the day be they economic, political, constitutional or social in nature. Therein lay the future.

"In discussion upon all these problems the citizen trained and educated by interest and study will inevitably lead. And the citizen who leads in interest and study to-day will lead in determination and action tomorrow."¹

Elliot despite all the speculation did not get the post of Financial Secretary to the Treasury. Instead it was given to A.M. Samuel. He, however, proved somewhat of a failure. Churchill who had selected him fell out with him within a short space of time.² In May 1928, in anticipation of a heavy workload and difficult debates, Elliot was appointed to help Churchill and Samuel with the Budget and Finance Bill. The appointment was seen as recognition of Elliot's ministerial calibre.³ His performance greatly impressed Churchill. Writing to Baldwin, he expressed concern for the party's future asserting that "without a stream of new talent we cannot hold our ascendancy." Of the junior Ministers, "Walter Elliot is by far the best."⁴ Elliot enhanced too his reputation with younger colleagues and members of the Opposition. Labour M.P. Rosslyn Mitchell acknowledged

¹ Kelvingrove Unionist Magazine Nov. 1927 Vol No.1.

² NC to Hilda 20 August 1929. NC Papers 18/1/666.
Elliot played a major part in the Committee and Report stages of the Finance Bill: 25/26 June 1928, 219 H.C. Deb and 23 July 1928, 220 H.C. Deb.

³ Glasgow Herald 2 May 1928.

⁴ Churchill to SB 2 September 1928. SB Papers vol 36 f.76/7.

all the predictions of a brilliant future for Elliot and stated that he was "chuckling his way through high politics tinted with science and a benevolent humanism."¹ Robert Boothby praised him in a broadcast on the popularity of Scottish M.P.s.

"Where would you find a more typical Scotsman than he? He has one of the most fertile brains in politics today. He it was who, like Horatius on the bridge, met single-handed and repulsed the first onslaught of the Clyde men in the Parliament of 1922. And they like him all the better for it."²

Elliot had yet another opportunity to win his spurs with the conduct of the Local Government (Scotland) Bill during the winter of 1928/1929. After prolonged argument in the Cabinet over the derating measures with Chamberlain and Churchill the main protagonists, separate bills for Scotland and England were introduced in Parliament, with Chamberlain producing one of his finest speeches on the Second Reading of the English Bill. Elliot told his constituents that the parliamentary progress of such a controversial bill proved "the strength of the position which Mr. Neville Chamberlain has won for himself both in the House and in the party." It was "a striking example of what can be done by sheer character and competence." His Second Reading speech had assured the passage of the bill and had brought him within "the very small circle of potential Prime Ministers."³ The Scottish measure was more radical than its English counterpart. The

¹ Daily Record & Mail 5 May 1928.

² Daily Express 14 Nov. 1928.

³ Kelvingrove Unionist Magazine Vol 2 No.9 January 1929.

Opposition having committed itself to wider changes produced no effective objections to the 75% derating of productive industries and the reduction of agricultural rates to the point where the farmer was liable only for 1/8.

The Scottish Local Government Bill produced thirteen days' strenuous debate with most M.P.s objecting to certain aspects. Fundamentally the bill's aim was to centralize responsibility for quasi-national services by transferring them from the multiplicity of authorities to the county councils.¹ The five services affected were the police, roads, health, education, and the poor law. With the exception of education, a similar transfer of control had been effected in England. The debates proved that the Scots were "clearly by nature and tradition a disputatious race."² Discussion centred on the abolition of the various authorities and the transfer of functions to the county councils and the burghs. Derating had been exhaustively debated during the passage of the English bill and figured very little in the Scottish debates. Elliot produced sterling performances.³ With Gilmour becoming ill midway, Elliot was left to see the bill safely through. In the middle of it, he suffered further personal

¹ The bill set out to abolish 1,064 of the 1,298 authorities. All parish councils, district boards of control, district committees, educational authorities and standing joint committees were to be scrapped leaving only 33 counties and 201 burghs. In the event, Gilmour made a concession whereby district councils were set up to deal with purely local matters.

² Saturday Review 9 February 1929.

³ eg. 4 December 1928, 223 H.C. Deb 5s cols 1156-1170.
5 December 1928, 223 H.C. Deb 5s cols 1240-1254.
11 March 1929, 226 H.C. Deb 5s cols 925-944.

loss with the death of his father.

As the life of the 1924 Parliament drew to a close and the 1929 General Election approached, the press followed its tradition of assessing the work of the Commons and the performance of its Members. Elliot was widely acclaimed. The Sunday Times asserted that Elliot would go furthest of the young M.P.s of the 1924-1929 Parliament having enhanced his political reputation in spite of the relative obscurity of the Scottish Office.¹ The Glasgow Herald too recognised that Elliot had become "a Parliamentary gladiator" despite spending years in a department which was universally regarded as disadvantageous to further political promotion.² Elliot still tended to speak in a rush with words tumbling out in great profusion. Hore-Belisha, a future Cabinet colleague quipped at this time that Elliot spoke so rapidly that he had "completed a column of Hansard before you have heard his name called by the speaker."³ Such a defect, however, was very attractive given his most pleasing voice with its Scottish lilt, his exuberance, and his humour. Elliot's speech characteristics figured prominently in contemporary profiles. 'Janitor' asserted that it was Elliot's "unfailing good humour, his geniality and his genuine love of his fellow beings, combined as these qualities are with a gift of vivid, picturesque language which makes him the most engaging and stimulating of companions."⁴ Another profile

¹ The Sunday Times 12 May 1929.

² Glasgow Herald 14 May 1929.

³ The Evening Standard 24 May 1928.

⁴ 'Janitor': The Feet of the Young Men (London: Duckworth, 1928).
p.95.

written around the same time though published somewhat later asserted that Elliot became overwhelmed with ideas and could not weld them together into a cogent, concise argument. This explained the fact that "his style is hurried, impetuous, broken, and suggests a turbulent Highland stream plunging over the rocks." Again, however, the author felt that Elliot's harmonious voice and endearing manner redeemed this technical imperfection.¹

It was widely believed within Parliament and the Press that Elliot was destined for promotion if his party were returned at the General Election. Baldwin was impressed by his performance at the Scottish Office and was now seriously considering giving him a Ministerial appointment. His name cropped up in Cabinet-making discussions that Baldwin had with Tom Jones from as early as Autumn 1928. Jones suggested that Elliot be made Minister of Agriculture after the election.² Baldwin, however, was once more thinking of Elliot as a possible Minister of Labour.³ It was, of course, not to be.

The major issue of the May 1929 General Election was unemployment. The policies put forward by Lloyd George and his temporarily united Liberal Party based on the report of the Liberal Industrial Inquiry had dominated the scene. The "Yellow Book" included proposals for the expansion of joint industrial councils, the use of the Bank of England's controls over credit to maintain steady trade, the establishment of an Economic General

¹ James Johnston: A Hundred Commoners (London: Joseph, 1931). p.36

² Tom Jones Diary 24 October 1928 and 25 February 1929, Vol II p.154 & p.172.

³ T.J. Diary 5 March 1929.

Staff within the government and the placing of industries of public concern under public boards.¹ The Liberal programme, however, especially emphasised a fifth aspect of the report, namely that of attacking unemployment with a large-scale programme of public works. Labour, for its part, offered what appeared to be another version of the Liberal programme spiced with socialist rhetoric.

The Conservative party was in far greater difficulty. As a government, it had a difficult record on which to campaign for despite the fact that in many ways it had been the most progressive administration for a generation, its achievements were obscured by its comparative failure to reduce unemployment. With the Liberals proffering unorthodox and potentially electorally appealing policies and Labour quickly jumping on the bandwagon, the Conservative Party was in danger of losing the initiative. The unfortunate choice of the slogan 'Safety First' did not appeal to an electorate only too aware of the increasing unemployment problem particularly in those areas already badly depressed by the slump in heavy industry. The government went to the country offering a rather dull programme of more slum clearance, better maternity welfare schemes, and more technical education while promising no introduction of Protection or food taxes but instead the simplification of the safeguarding procedure and the consideration of its application to any industry. The Conservative Government, it seemed, had simply run out of steam.

¹ C.L. Mowat: Britain between the Wars 1918-1940 (1955) (London: Methuen Edition, 1972), p.349.

The Conservatives were defeated and Ramsay MacDonald formed the second Labour Government. Elliot was returned for Kelvingrove with the reduced majority of 1,858. He at least survived in the decimation of the ranks of the young progressive Tories. Of the central core of the group calling itself the 'YMCA' which had Elliot's sympathy although office had prevented him from more definite affiliation, only Robert Boothby and Oliver Stanley survived with Harold Macmillan, John Loder, Noel Skelton, Duff Cooper, and Terence O'Connor all going out. There was however considerable consolation for Elliot in the Conservative defeat in that he was freed from the restraints of office and could now put to the test the old adage that 'politicians are made in Opposition.'



Chapter 2

Political Apprenticeship 1929-1931

Almost immediately after their Election defeat came the first signs of the bitter intra-party recrimination that would plague the Conservatives for many months. It took the form of attacks on the leadership that were of an infinitely more serious nature than merely the natural grumblings in the aftermath of defeat. Criticism of Baldwin came from various groupings for differing reasons. Those leading the opposition on one aspect of the leadership's policy could be Baldwin's most ardent supporters on another. The progressive wing, for instance, were critical of their leader for not expounding more reformist policies in public. It felt that the party had shown "unimaginative smugness" by campaigning on its "Safety First" slogan.¹ The radical Tories, however, supported Baldwin all the way on and admired his attitude to the Indian question. This was the raison d'être of another set of opponents, namely the traditional Conservative imperialists, vociferously led by Churchill and Birkenhead. These two together with Austen Chamberlain worried Baldwin further with their revived notions of a rebirth of the Liberal-Conservative coalition with Lloyd George. Baldwin's main problem, however, was the thorny issue of Protection. He had to contend with ardent advocates of full-blooded tariff protection like Leo Amery and

¹ Anthony Eden: Facing the Dictators (London: Cassell, 1962), p.11.

more discreetly Neville Chamberlain but, while a tariff man himself, Baldwin had to balance them with the Free Trade wing. The unrest within the Party was in the months to come exacerbated to crisis level by the manoeuvres outside it of two press barons, Lord Beaverbrook and Lord Rothermere.

In the autumn of 1929, the various murmurs of discontent were becoming louder with Amery clamouring for a full-blooded tariff policy while Colonel Gretton and his Diehards hit out against the inertia of the Front Bench in its first months in Opposition. Baldwin was given a taste of things to come on the Indian question when he aroused considerable controversy within the party by announcing his full support for the Irwin Declaration which promised Dominion status before the Simon Commission had given its opinion which in the event turned out to be unfavourable. In the meantime, Lord Beaverbrook discarded the idiosyncratic campaign for railway modernisation, that had occupied him quite harmlessly in the previous months, in favour of a return to his old cause of Empire Free Trade. The basic difference between the as yet publicly unpronounced policy of Baldwin and that of Beaverbrook was the latter's advocacy of food taxes, "that ancient albatross that had plagued the protectionist cause from the beginning."¹

Elliot played no part in the early stages of the leadership troubles. In August 1929, he went to South Africa to represent the Empire Marketing Board at the Pan African Agricultural Board and Veterinary Conference in Pretoria. He addressed the Assembly

¹ T.F. Lindsay M. Harrington: The Conservative Party 1918-1970 (London: Macmillan, 1974) p.92.

on the Board's work with particular reference to recent advances in animal husbandry and entomological research. While there, he received an honorary degree from the University of South Africa. This episode served to refresh Elliot after the commotion that always surrounds a General Election. He did not return to Britain until early October having followed the Cape to Cairo route. Once back, he made speeches and wrote articles calling unequivocally for the introduction of a general tariff incorporating Imperial Preference and tacitly for more radical policies and stronger opposition than was offered by the party leadership.

Early in 1930, Elliot and five of the other brighter prospects on the left-wing of the Conservative Party got together and decided to hold weekly dinners and to work together in the belief that Opposition was the time for young politicians to make their mark. The other five were Oliver Stanley, Ormsby-Gore, Noel Skelton, W.S. Morrison and Anthony Eden. They espoused similar views on domestic policy, promoting social and economic planning and co-partnership in industry. In the years to come, with the exception of Noel Skelton who died in 1935, these progressive Tories would find themselves on the anti-appeasement side of Chamberlain's Cabinet. It was during one of their discussions that what later became a familiar phrase, "a property-owning democracy", was coined by Skelton.¹

Around this time too, some of the progressive Tories including

¹ Anthony Eden: Facing the Dictators p.12-13.

Elliot started discussions with young politicians from the other two parties. The central figure in these talks was Oswald Mosley. In January 1930, Mosley, then Chancellor of the Duchy of Lancaster, submitted an unemployment policy memorandum to the Prime Minister. His proposals included public works, the development of agriculture, tariffs and import restrictions, a more liberal credit policy with government control of banking, and the rationalization of industry under public control. If Mosley's memorandum did not represent a comprehensive alternative, it certainly called for drastic changes to be made in traditional economic policy values. The memorandum caused a considerable stir among the Cabinet which eventually rejected it in May leading to Mosley's resignation from office.

During 1930, Mosley had frequent discussions with young politicians of various political shades. Elliot, Buchan and the four authors of Industry and the State were among those progressive Conservatives who agreed with the principles behind Mosley's ideas. They shared the frustration that although the efficacy and potential of direction and planning had been demonstrated by the large-scale intervention of the state in wartime, the contemporary orthodox thesis was that government could do little to solve the immediate crisis let alone undertake economic and industrial reconstruction. Harold Nicolson took note of one gathering of the unhappy young men in February 1930 at Oliver Stanley's composed of Stanley himself, Elliot, Mosley, O'Connor, Moore-Brabazon and Boothby. "They talked about the decay of democracy and parliamentarianism. They discuss whether

it would be well to have a fascist coup. They are most disrespectful of their party leaders....."¹ This reference to fascism is interesting for it must be remembered that at this time fascism was not the dirty word it later became. On the contrary, Mussolini was seen by many Conservatives as the saviour of Italy from Communism and the initiator of a new industrial and patriotic spirit resulting in a vast improvement in his country's material well-being. Buchan in an article bemoaning the dearth of new men and ideas cited Italy as the one exception: "But for the bold experiment of Fascism the decade has not been fruitful in constructive leadership."²

Despite considerable disillusionment, Elliot and his colleagues believed that national reconstruction could be achieved through the parliamentary process with the right politicians following the right policies. It was difficult for them to maintain confidence in the reforming potential of the leaders of either of the main parties. On the other hand, an alliance or at least a declaration of agreement between an all-party group might force the issue. If some form of centre-party was to emerge from all the intrigue and private discussion, then it seemed quite probable that leadership would go to a man in a position to exert influence, like Lloyd George or Churchill who were themselves continuing their perennial coalition discussions. On the other hand, there was some speculation that the leader of

¹ R. Skidelsky: Oswald Mosley p.224.

² Morning Post 31 December 1929.

a new party composed of progressive centre elements would come from the group of young dissidents itself. Mosley was one name mentioned, Elliot another. At the time, it was written that Elliot was "a man of ideas, imagination, and considerable flexibility of mind, which might lead him and his followers into situations very difficult to interpret according to the old party traditions."¹

In March 1930, Elliot attended a small and somewhat unusual gathering. With Stanley and Ormsby-Gore, Elliot had dinner with Sidney and Beatrice Webb to discuss the latter's idea of dividing the machinery of government into two. Tom Jones acted as convenor. This strange ensemble discussed the practicability of creating two parliaments, to deal respectively with home and foreign affairs. Beatrice Webb was struck with how "queerly unconventional" such a party was. As for the actual discussion, she noted the following in her diary.

"The talk was good and to the point. They were all theoretically in favour of some such partition. But Elliot, who alone thrashed out the details, brought out the difficulty of finance - of allocating the power to levy taxes and the responsibility for expenditure between the two assemblies and executives. Also he demurred to the inevitable emasculation of the existing local government."²

Of the progressive Tory trio, Beatrice Webb was most impressed by Elliot, asserting him to be "the dominant figure" of the three. She declared to Tom Jones that "the Scot is worth the two of them

¹ Time and Tide 25 April 1930.

² Beatrice Webb Diary vol 44 7 March 1930. BLFES.

put together."¹ Jones, himself, had taken a keen interest in Elliot's political career from the very beginning and had frequently discussed his prospects with Baldwin. In early 1930, his estimation of Elliot was extremely high as conveyed in a letter to his daughter in which he stated that "Walter Elliot and Oliver Stanley are among the most promising for the very front line."²

Meanwhile relations between Baldwin and the Press Lords had become steadily worse despite the mediating attempts of Neville Chamberlain. In February, Beaverbrook and Rothermere formed the United Empire Party. There were occasional truces like the agreement in March that should the Dominions favour food taxes, the issue would be put to a referendum. Neither Baldwin nor Beaverbrook, however, was happy with this compromise and soon Central Office was issuing assurances that there would be no such taxes. Beaverbrook was keen to draw Elliot into his campaign. His biographer notes an extraordinary meeting in November 1929 between Beaverbrook, Boothby, Macmillan, Edward Hulton, and Elliot.³ The last named was said to have favoured a crusade against Communism. This does not somehow ring true. Elliot took a far more tolerant view of the Soviet Union than most Conservatives. He could admire the 5 year economic planning although he detested the harsher side of the Stalinist regime. Taylor goes on to say that the rest of the gathering favoured Empire Free Trade and

¹ Beatrice Webb to Tom Jones 6 March 1930 in TJ. Whitehall Diary Vol.II p.247.

² Tom Jones p.244.

³ A.J.P. Taylor: Beaverbrook (London: Hamish Hamilton, 1972) p.268.

showed willingness to ditch the old brigade of Baldwin, Lloyd George, Churchill and Birkenhead in favour of Mosley, Keynes, Jowitt, and Beaverbrook himself.

In any event, Beaverbrook was eager to enlist Elliot. Certainly Elliot was excited at the possibilities of imperial co-operation and research on a wide range of issues from entomology to public health. He was also convinced of the worthiness of the principles of Empire Free Trade. Elliot's experience at the Empire Marketing Board lent weight to his belief in the potential of the Empire as a prototype common market which he believed could really be effective if based on the rationalisation of industry, regarding the Empire as a single entity. In April 1930, speaking to the Primrose League at the Albert Hall, Elliot praised Beaverbrook and his followers for their ideals, asserting that they had set themselves a standard "which is as it is right for Crusaders to do - a high and difficult standard of attainment and one which may take a long time to accomplish."¹ Two months later on 6 June, less than three weeks before the first Carlton Club meeting, Beaverbrook sent Elliot the following astonishing letter.

"I like the prospect of your leading the Empire Free Trade movement more than I can tell you ... Horne won't lead, and Neville Chamberlain won't lead ... While I have tried them both, I would rather have you to lead it than either, so far as I am concerned."²

Beaverbrook also wrote to Amery in similar terms! Elliot wisely replied that Beaverbrook himself was "the leader of this show,

¹ Evening Standard 4 April 1930.

² A.J.P. Taylor: Beaverbrook p.276.

and the whole of the leader, and rightly and inevitably so."

Despite his April speech, Elliot in common with most Conservatives did not publicly support Beaverbrook's Empire Free Trade Campaign as such.

In the summer of 1930, there was a significant development, if only of short-term impact, in the internal Conservative Party quarrel. J.C.C. Davidson had been persuaded to resign as Chairman of Conservative Central Office and Neville Chamberlain was appointed his successor. Chamberlain, himself, had visited Davidson and suggested he should go.¹ He had however, or so it appears from his papers, no real ambition to aspire to the position. His brother Austen suggested Kingsley Wood, Eyres-Monsell or Elliot as possible candidates. In the end, however, Chamberlain accepted it "as an expedient to preserve the unity of my party."² Giving this job to Chamberlain was a very shrewd move on Baldwin's part for it meant that in effect he took his heir-apparent prisoner, tying his hands in any future manoeuvres hostile to the leadership³ and intensifying Chamberlain's problem of conflicting loyalty and ambition.

The removal of Davidson helped prepare the way for Baldwin's triumphant performance at a party meeting convened in the Carlton Club on 24 June 1930 which was in effect a test of confidence in the leadership. In a brilliant speech, Baldwin spoke against food taxes and attacked certain sections of the press, Lord

¹ Neville Chamberlain Diary 22 June 1930.

² Neville Chamberlain to Hilda 21 June 1930. NC 18/1/701.

³ A.J.P. Taylor: Beaverbrook p.287.

Rothermere in particular, for trying to dictate party policy. Baldwin's performance might have been "one of the most shattering triumphs of his entire political career"¹ but this success only gave him temporary respite. During the summer months, increasing pressure was put on him by Tories to clarify in public the official party line on the whole question of tariffs. In October, Baldwin endorsed a policy statement inspired by Neville Chamberlain which represented the long-awaited unequivocal commitment to Protection and Imperial Preference and which was designed to give the party a 'free hand' on the whole question including even duties on foodstuffs.² This 'free hand' policy was carried unanimously but for Beaverbrook at the second Carlton Club meeting on 30 October. Although Beaverbrook's candidate won the Paddington South by-election held the same day, the real victory belonged to Baldwin. Once again, however, it was shortlived and the general atmosphere of party intrigue continued.

A few days before the Carlton Club meeting and the Paddington South by-election, Cliveden had been the setting for an informal gathering of some of the young disgruntled Tories. Elliot was there along with Boothby, Macmillan, O'Connor, Ormsby-Gore, and Brendan Bracken. They discussed the forthcoming Commons debate on the King's Speech and considered the idea of Elliot introducing an amendment damning all three political parties! All seemed to be annoyed at Baldwin for apparently running after Beaverbrook

¹ K. Middlemas & J. Barnes: Baldwin (London: Weidenfeld & Nicolson, 1969), p.573.

² NC Diary 11 October 1930.

and Elliot read MacFlecknoe's verses that appeared in that week's Nation and Athenaeum to the amusement of all.¹ Tom Jones was left with the impression that "the tide has turned very much in favour of L.G. because of his incomparable executive power, and I think most of this group would follow him if he could be got into the saddle again."² The Liberal leader himself was playing the double game of officially supporting the MacDonald Government but privately holding discussions with Churchill, Mosley and the young Tories. In December 1930, Lloyd George and Archibald Sinclair along with several young progressive Conservatives attended a private dinner given at a London hotel by Robert Boothby. This gathering aroused the attention of the popular press which interpreted it as a move towards the formation of a centre party, with one paper describing it as "the genesis of the National Party idea; perhaps also its nucleus."³ Any political significance was however denied by those present.

Speculation that a new political party was in the making had been heightened by the frequent gatherings in the autumn at Oswald Mosley's house in Smith Square.⁴ Mosley at this time reached his zenith within the conventional party system in terms of personal and political standing. At the same time, however, he was coming to believe that while left-wing Tories were eager to discuss their frustrations and talk of possible political realignment in the form of a centre progressive party, they looked

¹ Nation and Athenaeum, 25 October 1930. See Appendix II.

² Tom Jones Whitehall Diary Vol II 1925-1930 p.275.

³ Evening Standard 11 December 1930.

⁴ Hugh Dalton Diary, 29 October 1930.

to have every intention of remaining within the Conservative Party in the hope of influencing its attitudes and policies from within.¹

In December 1930, Mosley took a step in a different direction in his search for a power base when, with sixteen fellow Labour M.P.s and Arthur Cook, he published a manifesto in the national press. Basically, it declared that the Government must adopt certain of the interventionist elements of the Conservative and Liberal programmes to evolve a national plan. Failure to do so would result in Britain very soon facing a balance of payments and budgetary crisis. The major differences between the manifesto and Mosley's memorandum of January 1930 were that tariffs were now espoused as was a Cabinet of five, both alterations representing a move towards progressive Toryism.²

Elliot with Macmillan, Boothby and Moore-Brabazon took the bold step of sending letters of generous praise to the press. Elliot in his letter of 11 December declared that Conservatives could fully agree with Mosley's call for import control through tariff or licence and the necessity for inter-Imperial planning. As for Mosley's proposal of a five-man Cabinet without portfolio acting subject only to parliamentary veto, Elliot declared it was "a reform which many of us would consider almost essential if responsibility is to be fixed and vigorous executive action facilitated." Finally, Elliot commended the courage of Mosley and his colleagues in publishing the manifesto and asserted that

¹ R. Skidelsky: Oswald Mosley p.232-236.

² For details of the Manifesto see R. Skidelsky: Oswald Mosley p.237-239. K.Middlemas & J. Barnes: Baldwin p.606.

"courage, whether right or wrong, is no quality to be lightly dismissed under the prospect in which we stand to-day."¹

Less than a week later, Elliot repeated Mosley's manoeuvre by making his own appeal in a letter published in the national press this time in conjunction with Robert Horne, John Buchan, and Oliver Stanley. They called for a programme similar in many respects to that of the Mosley manifesto. This involved rigorous economy with no further expansion of the social services for the time being, the protection and rationalization of industry, and the re-establishment and extension of overseas markets through a twin policy of imperial planning and bilateral agreements. The quartet called for national effort and sacrifice. The present dire situation required a change in attitudes with "the renunciation of creeds which are hallowed to many by sentiment and tradition" and "the abandonment of the secular habit which constrains parties to bid against each other with the people's money." There must be compromise in politics and industry in order to facilitate consensus action on the economic crisis. Democracy itself was at stake and the suspicion was growing that representative government might be inconsistent with efficiency. There was no truth in this but action had to be taken to allay such doubts.²

Baldwin, speaking at the Constitutional Club, tacitly reprimanded the authors of the various letters. He emphasised that

¹ Letter published in national press 11 December 1930. See Appendix III.

² Letter published in national press 17 December 1930. See Appendix IV.

there was already a national party representative of all the people - the Conservative Party - and he took the opportunity to remind all present that political zigzagging often led to young politicians being passed over for promotion.¹ It was with paternal concern however and not annoyance that Baldwin rebuked Elliot and his colleagues. The fact was that despite all the speculation, the young radical Tories remained fundamentally loyal to Baldwin in the belief that "his leadership would keep our party truly national, both in the sources of its strength and the objectives of its policy."² Baldwin himself was both accessible and sympathetic to his young men. It was their impetuosity that he questioned and not their loyalty. His reply to Elliot's written apology for having implied the inadequacy of Conservative policy spelt out the fact that he saw Elliot and his colleagues as those who would shape the Conservatism of the future.³

In the final analysis, the participation of the young progressive Conservatives in frequent discussions across the political spectrum was never more than a flirtation, a reflection of their youthful enthusiasm and political frustrations. It was only common sense, however, to keep their options open just in case Baldwin was in fact overthrown. The progressive Conservatives played little part in the last serious challenge to the leadership. It came as always from the right wing, sparked off

¹ Daily Express 19 December 1930.

² Anthony Eden: Facing the Dictators p.12.

³ Colin Coote: Companion of Honour p.118. See Appendix V for Baldwin's reply.

by disagreement over Baldwin's declaration in favour of responsible federal Government in India and Churchill's ensuing resignation from the Shadow Cabinet. After a series of events during which he came close to resignation himself, Baldwin embarked on a spirited counter-attacking campaign which re-established his mastery of the Party and diminished the influence of the press lords. His triumph was followed by the resounding victory of the progressive Conservative Duff Cooper at the St. George's by-election which spelt the effective end to the Conservative leadership struggle.¹ Baldwin, the Talleyrand of the twentieth century, had survived and the Conservative Party itself during the last five remaining months of the Labour Government was to be more united than it had been since the 1929 General Election.

Elliot was naturally relieved that the leadership struggle was finally over and the Party reunited for by March 1931 he had considerably advanced his claim to Cabinet Office in the next Conservative Government. Elliot had somehow managed to consolidate his position within the Party without having had to stifle his own views to so do. This he achieved by treading a path somewhere between the official party policy and his own progressive beliefs. As we have seen, Elliot did on occasion incur Baldwin's irritation at his divergence from the official line but in general he did not maintain such a critical standpoint as say Boothby inside the parliamentary party and Macmillan outwith. The fact

¹ See K. Middlemas & J. Barnes: Baldwin p.587ff. for a detailed account of the leadership crisis of February/March 1931. Best source for the by-election itself is Gillian Peele: 'St. George's and the Empire Crusade' in C. Cook & J. Ramsden (ed.): By-Elections in British Politics.

was that during the years 1929-1931, Elliot successfully combined his activities as one of the progressive Tory group with his role as an official Opposition spokesman on economic affairs.

As a result of the 1929 election defeat, Elliot had been freed from the restraints of a particularly restrictive office. Baldwin, in appointing Elliot a front-bench economic spokesman, presented him with the ideal opportunity to show his wider talents and his matured capacity for debate. Elliot's first assignment came in November 1929. The former Minister of Labour, Sir Arthur Steel-Maitland, had been defeated at the General Election while his former Parliamentary Secretary, Sir Henry Betterton, was in Palestine as a member of the Commission sent out to investigate the recent riots. In their absence, Elliot was made Chief Conservative spokesman on the bill on unemployment insurance, an issue that was to pre-occupy Elliot throughout the term of the second Labour Government. Indeed, it was his skilful handling of this complex question that did more than anything else to enhance his political reputation and prospects during his period in Opposition.

Elliot moved the motion of rejection of the Second Reading of the Unemployment Insurance Bill on 21 November.¹ He made a long and diffuse speech which nevertheless inspired the Spectator to attribute to him "the most interesting mind in politics today" and predicted a "commanding political future and possible leadership" whether or not he developed the ability to order his

¹ 21 November 1929, 222 H.C. Deb 5s cols 752-767.

speeches."¹ This last comment referred to Elliot's tendency of talking faster than he thought and being distracted from the main thread of his argument. The section of the Unemployment Insurance Bill that caused the most trouble was Clause 4 which sought to modify the "genuinely seeking work" condition of receiving benefit to the position where payment would be withdrawn if work was refused. In response to vehement opposition by over thirty left-wing Socialist M.P.s led by Maxton, the Government withdrew the clause. The redraft disqualified applicants for up to six weeks if work was refused but for this purpose employment was not deemed suitable if it was available due to a strike or if it offered lower wages and poorer conditions than the applicant's previous work. It was undoubtedly a victory for Labour's left wing as was emphasised by Elliot in his Third Reading speech when he asserted that while the Chancellor had endeavoured to tighten the restrictions applying to the Unemployment Insurance Fund, Maxton had pulled in the opposite direction.

"Like the web of Penelope, everything that the Chancellor weaves during the day the hon. Member for Bridgeton undoes during the night."²

Elliot's conduct of the Conservative attack on the Unemployment Insurance Bill was widely praised in the Conservative press.³ He played a prominent part in other Bills at this time, particularly in obstructing the progress of the early stages of the

¹ Spectator, 30 November 1929.

² 16 December 1929, 233 H.C. Deb 5s col 1130.

³ See eg. The Sunday Times 22 December 1929 & Spectator 21 December 1929.

Small Landholders (Scotland Acts) Amendment Bill, a Liberal measure which was the subject of much controversy well into 1930 with Elliot in the middle of the fray. Elliot was a skilful obstructionist and enjoyed every minute of it. For once, his speech characteristics were perfect for the part. The Nation commented wryly that "Labour members should know by this time that to interrupt Walter is like fighting the Hydra; for every sentence you cut off ten grow in its place."¹

Elliot also eagerly introduced a private bill on 26 November to enable Scottish education authorities to supply cheap or free milk to children.² In 1927 under the auspices of the Empire Marketing Board after representations from the Scottish Office with Elliot as the link between the two, he and his nutritionist friend John Boyd-Orr, had carried out experiments in feeding milk to school children in certain areas. As a direct result of receiving more milk, the weight and general health of the children concerned greatly improved thus suggesting the need for such a bill as that which Elliot now introduced having seen it crowded out of the legislative programme of the Conservative Government of 1924-1929. With full support from the new Secretary of State, Willie Adamson, and his Under-Secretary, Tom Johnston, who themselves were to commence similar experiments in Lanarkshire in February 1930 again under the auspices of the E.M.B., Elliot's Educational (Scotland) Bill "passed through the

¹ Nation and Athenaeum 21 December 1929.

² 26 November 1929, 232 H.C. Deb 5s col 1219-1223.

Committee stage on oiled castors."¹ It went on to receive a Third Reading without division in May at a time when many other private measures fell by the wayside and came into effect shortly thereafter.

In the meantime, the Labour Government was conducting an increasingly desperate search for a panacea for rising unemployment now over the two million mark. There were plenty of ideas around but none that appealed to a majority of the Cabinet. Snowden was the main reason behind the apparent bankruptcy of ideas on the part of the Government. He was in too powerful a position to permit an expansionist policy but at the same time he was not strong enough politically to enforce the policy of deflation in which he really believed. Thus it was that a Socialist Cabinet found itself intellectually paralysed in the face of what seemed to be the long awaited collapse of capitalism in Britain.² One problem in particular which was worrying the Government early in 1930, was the increasing debt of the Unemployment Insurance Fund.

The Cabinet first discussed in March the possibility of appointing an all-party committee to consider the insolvency of the Unemployment Insurance Fund.³ Towards the end of July, Margaret Bondfield, the Minister of Labour, set up a three-party committee with Vernon Hartshorn,⁴ Arthur Greenwood and herself

¹ Scotsman 24 May 1930.

² T. Lindsay & M. Harrington: The Conservative Party 1918-70 p.103.

³ Cab 17(30) of 26 March 1930.

⁴ Lord Privy Seal.

representing the Government and Ernest Brown and Isaac Foot the Liberals. For the Conservatives, Baldwin nominated Elliot and Sir Henry Betterton, describing them as "two of the most capable and best men I have who are familiar with the subject."¹ Their selection was popularly received by the Conservative press, summed up by the *Evening Standard's* assertion that "no two clearer-headed, better-informed and more courageous members of the Opposition could have been chosen."²

Elliot had, in response to the Minister of Labour's call earlier in the debate, indicated Conservative willingness to participate in all-party talks given the right conditions during the Second Reading of the Unemployment Insurance (No.4) Bill on 23 July. On the problems arising from over-production, Elliot emphasised that the solution would not be found in any gospel of hate.

"If we attack these questions in a spirit of bitterness and hostility, we shall deal with the question of the surplus all right. We shall destroy the surplus and there will be nothing for either of us to have. To enjoy what modern medicine and modern science have put into the hands of the human race - that is the problem before every one of us."³

On the question of the Unemployment Insurance Fund, Elliot made his feelings quite clear. He was completely at one with the official party line which was that the Fund must be made solvent again as soon as possible, that this should be achieved by either

¹ Morning Post 28 July 1930.

² Evening Standard 29 July 1930.

³ 23 July 1930, 241 H.C. Deb 5s cols 2199-2200.

an increase in contributions or a decrease in benefits or indeed a combination of both, and further that the Fund should be put back on to an actuarial basis with separate provision being made for those no longer eligible for benefit. Indeed this question of the future of the 300,000 in receipt of transitional benefit paid by the Exchequer was a major issue the Committee was to consider.¹ The Committee was given the status of an advisory committee to the Cabinet and its proceedings, therefore, were secret.² It had too the assistance of the Cabinet Secretariat. After a preliminary session, the Committee adjourned until the beginning of September to allow the Ministry of Labour to prepare requested data, information and documents.³

During his curtailed parliamentary vacation, Elliot was as much in demand as ever as a writer and speaker. One major appearance was a lecture he gave early in August to the ILP summer school held in Welwyn, Hertfordshire. Elliot accepted this invitation to speak with great pleasure. Often lamented as a "lost soul", he was extremely popular among the left and enjoyed the personal friendship of many especially the Clydesiders who had a high regard for him as a fellow Scot. Indeed at this time in Parliament, there was an unusually high degree of 'clannish-

¹ "Transitional" referred to those who had paid 8 contributions in two years or 30 at any time. To be fully insured, one had to have paid 30 in two years.

² Proceedings of the Advisory Committee on Unemployment Insurance: Cab.27/429 ACUI (30).

³ ACUI (30) 1st meeting 28 July 1930.

ness' among the Scottish members. Elliot's warm personality of course further commended him to his political opponents. Despite all these factors, however, to be asked to speak at the ILP summer school was remarkable for a Conservative M.P.

In his lecture entitled "The Twentieth Century - a Tory point of view", Elliot set out unequivocally his belief that "the huge sleeping partner of the State in modern industry is not a phenomenon which will last very long." The first decisive step towards making the State a 'live' partner had, he suggested, been taken by the derating legislation passed by the late Conservative Government. Intervention by the State on a large scale was required to deal with the current problems of capitalism. There was for instance the twentieth century problem of glut caused by the capitalists' production of "mountains of goods which we cannot deal with." Elliot advocated the use of tariffs to control foreign trade in preference to import boards as favoured in Socialist circles and which he considered would be more likely to lead to international complications. Finally, and most importantly, Elliot appealed for more continuity in the legislation passed by different governments.

"The State must be continuous. One of our difficulties now is the danger of rapid reversals¹ of problems from one side to another."

In effect Elliot was advocating 'the middle way' or a centre progressive policy between that of State ownership and laissez-

¹ Manchester Guardian 7 August 1930.

faire capitalism and based on a managed mixed economy. With his fellow progressive Tories, perhaps the younger duo of Macmillan and Boothby in particular, Elliot represented the early 1930's version of the Butskellite of the 1950's.

Early in September, the three-party committee resumed its discussions on the Fund. Without reaching any definite conclusion at its second meeting, the committee examined possible courses of action on the question of transitional benefit. It was agreed that it was imperative to restore the prestige of the Unemployment Insurance Fund and to take steps to put it on an actuarial basis. The obvious political difficulties of raising contributions or reducing benefit led the committee to consider the alternative, that of limiting the number of unemployed who qualified by taking those in the transitional category out of the scheme. They would be dealt with under a totally separate scheme possibly administered by the Employment Exchanges but with the machinery for evaluating claims and rates of payment being quite distinct from the insurance scheme. Greenwood suggested that a Royal Commission should be appointed to consider the whole problem. Elliot did not object in principle to a full enquiry but felt it wrong in the meantime to have to seek to increase further the borrowing powers for the Fund without making some alteration to the current regulations. He felt that legislation should be introduced as soon as possible to separate the transitionals from the insured and to make the Fund self-supporting. He pointed out, too, that public opinion might not tolerate the

continuation of the current anomalies and abuses or an increase in the Fund's deficit.¹

An account of the committee's proceedings at its second meeting appeared in The Times the following day.² Whether Elliot was responsible for this leak is open to question. Certainly he discussed the progress of the committee with Colin Coote by now on The Times who wrote a trilogy of leaders on unemployment later in September.³ At the third meeting, the committee agreed not to make any statements whatsoever to the press. It could not agree, however, on what intermediate action should be taken pending a full-scale investigation. The Labour representatives advocated extending the borrowing powers of the Fund and the conditions of transitional benefit and the Liberals reluctantly contemplated a reduction in benefit. Elliot and Betterton conceded that the transitional period should be extended and the Fund authorised to borrow further but asserted that any Bill to effect such proposals should make provision for reducing the numbers on the Fund, remedying minor abuses, and clarifying the distinction between unemployment insurance and transitional benefit.⁴ At the fourth meeting of the Advisory Committee on Unemployment Insurance on 23 October it was agreed that the representatives from the three parties should submit their views in secret memoranda as soon as possible.⁵ The Conservative and

¹ ACUI (30) 2nd meeting, 8 September 1930.

² The Times 9 September 1930.

³ Brumwell to Geoffrey Dawson 18 Sept. 1930, Dawson Papers.

⁴ ACUI (30) 3rd meeting, 26 September 1930.

⁵ ACUI (30) 4th meeting, 23 October 1930.

Liberal committee members were given no indication whatsoever of recent developments within the Labour Cabinet concerning the unemployment insurance question. On 15 October, the Minister of Labour had submitted a memo to the Cabinet in which she asserted that there was no short-term alternative to increasing further the Fund's borrowing powers and extending transitional benefit. She recommended that a Royal Commission be appointed to look into the whole field of unemployment insurance and other arrangements for assisting the able-bodied unemployed. In the meantime, the Cabinet should decide whether to act to end the worst abuses, thereby reducing the numbers covered by the Fund.¹ At the next meeting of the Cabinet, Bondfield's proposals were referred to a panel of Ministers.² This body reported back to the Cabinet on 22 October, the day before the fourth meeting of the three party committee.³ It recommended that there be no increase in insurance contributions nor reduction in benefit pending the report of a Royal Commission which it advocated should be set up to review the whole question of unemployment insurance, making interim reports on abuses and transitional benefit. Its conclusions were accepted by the Cabinet.

The Conservative and Liberal Parties were astonished to learn for the first time in the King's speech that a Royal Commission was to be set up. They were incredulous that such a

¹ Memo by the Minister of Labour. CP 318 (30) submitted to Cab 60 (30) of 15 October 1930.

² Cab 61 (30) of 17 October 1930.

³ Cab 62 (30) of 22 October 1930. CP 354 (30).

step had been taken before the memoranda of the representatives on the Advisory Committee had even been considered. The Cabinet, it seemed, had simply swept aside the Committee's work. This summary treatment infuriated the Opposition while the referral to a Royal Commission without any intermediate legislation was widely interpreted as a delaying tactic, yet another instance of the Government's unwillingness to take decisive action on the economic crisis.

Elliot took the first opportunity to protest in parliament at the Government's behaviour when he spoke on the second day of the debate, following Baldwin in putting the Conservative case. He condemned what he saw as the relegation of the question of unemployment insurance to a Royal Commission and the Government's apparent volte-face on its proclaimed policy of inter-party cooperation. The Government just did not have the courage to act on this most urgent question. Elliot was annoyed that MacDonald in his speech had seemed to suggest that referring the matter had been the committee's idea. This was nonsense, he told the House, and what made matters worse was the fact that the Committee's reports had been tossed aside without having even been considered. The committee had tried to face facts and to produce a common front on certain drastic measures that seemed necessary. In brushing this attempt aside, the Government was discrediting parliament.¹ Elliot followed up this speech by writing to

¹ 29 October 1930, 244 H.C. Deb 5s cols 57-69.

Margaret Bondfield to complain about the treatment of the Committee.¹ He protested once more with Betterton and Foot at the final meeting of the Committee on 5 November.² The protests were in vain and the appointment of the Royal Commission went ahead without any amendment of the law to remedy abuses or to separate the transitionals and the insured. Indeed, the only immediate measure introduced by the Government was one to further increase the borrowing power of the Fund.

Elliot at this time was giving much thought to certain wider aspects of economic policy, in particular those relating to Empire. In a lengthy article in The Sunday Times, Elliot argued in favour of industrial planning and development on an imperial basis.

"Inter-Imperial rationalization, the recognition that every small state should not strive to be universally self-sufficient, is the political and economic discovery which our sprawling confederation is specially fitted to work out and proclaim."

In other words, economic nationalism must not be taken to extremes if the Empire as a whole was to prosper. Secondary industry development in the Dominions should be recognised for they were determined on it and, in conjunction with the expansion of primary production, it should in fact act to provide a bigger market by expanding purchasing power. However, the Empire did offer the possibility of planning a quarter of the world through

¹ WE to Margaret Bondfield 30 October 1930 in Cab 21/325.

² ACUI (30) 5th meeting 5 November 1930.

rationalization and it would make little economic sense to have the same plants, some unprofitable and requiring Government aid, in every dominion. The recent Imperial Conference had recognized the desirability in principle of industrial rationalization on an Empire basis but Elliot declared that with Snowden at the Treasury, the Labour Government would not even consider a fiscal policy to stimulate inter-Imperial trade far less that of organizing industrial production along inter-Imperial lines. Elliot condemned the Government for paralysing the Conference and declared that "we must not go to Ottawa with the same hoof-handed Ministers who are wrecking the opportunities of to-day." In conclusion, Elliot declared that a general tariff could be so planned as to secure subsequent industrial and urban development while at the same time the unions and middle classes could be drawn closer together.¹

Another question that greatly concerned Elliot towards the end of 1930 was that of Palestine. The Government in October published a White Paper to the effect that Jewish immigration must virtually cease until productivity improved in order to prevent the displacement of Arabs. This enraged Zionists including Elliot who was a life-long Gentile Zionist and a friend of Chaim Weizmann. The controversial nature of the White Paper resulted in all-party recognition of the need for the Government to clarify its attitude to the Mandate. Elliot and Amery put

¹ The Sunday Times, 23 November 1930.

the Conservative case that the White Paper nullified the Balfour Declaration.¹ Vera Weizmann in retrospect recalled that "Walter Elliot was wonderful and spoke on a very high level."² In the event, the White Paper presaged but did not cause the later curtailment of Jewish immigration for in February 1931 MacDonald made a statement which greatly modified its intended restrictions.

In the first quarter of 1931, Elliot was kept busy in Parliament for, apart from fulfilling his own role as spokesman on unemployment insurance and related matters, he and the Scottish Whip, Sir F.C. Thomson led the Conservative Party in Scottish affairs owing to the indisposition of the Shadow Secretary, Sir John Gilmour. As we have seen, the first three months of 1931 was a time of internal crisis in the Conservative Party which however emerged at the end of it more united than it had been since its defeat in 1929. The conclusion of their troubles had also the effect of stirring the Conservatives into more vigorous Opposition. This was clearly demonstrated by their reaction to Snowden's Budget and the subsequent Finance Bill during the debate on which they made considerable use of snap division and obstruction tactics.

Snowden was for Elliot as for most Conservatives the villain of the piece, the immovable force behind Labour's intransigence on economic policy. His budget towards the end of April 1931

¹ 17 November 1930, 245 H.C. Deb 5s cols 187-196.

² Vera Weizmann: The Impossible takes longer (London: Hamish Hamilton, 1967) p.117.

was intended as a stop-gap measure. Elliot asserted that Snowden was "in the position of a man who has been on the edge of a precipice and has looked over and is terrified at what he has seen" and was merely taking steps to try and hold the position.¹ The main feature of the Budget and the Finance Bill was the Land Tax clause which caused heated argument and debate. Elliot was especially involved in the acrimonious debates on clause 30, the application of the provision to Scotland. The Lord Advocate was subjected to fierce personal and political attack from the Opposition benches. Apart from abhorrence of land tax in principle, Elliot and other Scottish Conservatives were aghast at the Government's apparent intention to alter Scotland's age-old land valuation system and align it with that south of the border.² The Conservatives also vehemently opposed the income tax clauses designed to collect 75% of the tax under Schedules B, D, and E in January and the remaining quarter in July instead of the current 50/50 arrangement. Elliot, protesting vigorously at the guillotine invoked on them, was called to order no less than seven times.³ The increase on petrol tax, however, was a protectionist measure and as such was welcomed by the Conservatives. In effect, the Budget was not so much the last Free Trade one but more the first Protectionist one. This did not, however, encourage the Conservatives to review their

¹ 28 April 1931, 251 H.C. Deb. 5s col 1597.

² 18 June 1931, 253 H.C. Deb. 5s cols 1974-1976.

³ 8 June 1931, 253 H.C. Deb. 5s cols 761-764.

assessment of Snowden and Elliot continued to declare throughout the country that Snowden must not be in a position to introduce a third budget. Ironically, when Snowden did just that in September, Elliot was by his side on the Treasury Bench as his Financial Secretary!

The Conservative Party organized an extensive platform campaign throughout June on a four point programme of economy, protection of industry, Empire Trade, and assistance for agriculture. This basically educational campaign was designed to attract that large proportion of the electorate which, while disillusioned with the Labour Government, was not quite convinced that the Conservative Party would be any better. Elliot was one of the major speakers in this campaign. At Knutsford, Cheshire, he made a rousing speech to an audience in the region of 10,000. While forcefully criticising the Labour Government, Elliot directed much of his attack against the Liberals who were preventing an election to settle the Protection issue and who were in the classic position of having power without responsibility.¹ This theme he repeated at Spondon, Derbyshire, a week later on 27 June comparing Lloyd George's relationship to the Labour Government with that of a nurse and a naughty child in a pram. In another analogy, he compared Snowden's use of the nation's capital for current expenditure to that of a person selling his dining-room table in order to buy meat. This "rake's progress" would if not halted bring the nation to disaster.²

¹ Cheshire Daily Echo 22 June 1931.

² Derbyshire Advertiser 3 July 1931.

Elliot's last major parliamentary speech before the fall of the second Labour Government came early in July 1931 on the Second Reading of the Unemployment Insurance (No.3) Bill which was based on part of the Report of the Royal Commission which had superseded the three party Advisory Committee on Unemployment Insurance towards the end of 1930. The most important aspect of the bill was its intention to transfer to an extra-parliamentary Advisory Committee the responsibility of defining conditions under which benefit was to be granted and refused. Elliot did not make the usual kind of party political speech but instead offered "an interesting and unconventional contribution to the philosophy of the whole subject."¹ Elliot declared that the Bill was a D.O.R.A. for unemployment insurance, a confession of parliamentary incompetence to deal with the question in the usual way. He felt however that the removal of control in this matter from parliament, the administrative attempts of which had hitherto been economically unsound, to an outside body deserved trial as an experiment. The proposal did at least signify that the Labour Government was at last trying to do something constructive and deserved qualified support for at least being better than nothing.²

The story of the last weeks of the Labour Government of 1929-1931 is well known. It fell due to dissensions as to how to save the pound. The proposed measures to survive the world

¹ Daily Telegraph 9 July 1931.

² 8 July 1931, 254 H.C. Deb 5s cols 2112-2121.

slump were reductions in benefits and rigid financial orthodoxy - the traditional solution. Finance caused the crisis but did not determine its outcome. That was shaped by politics and personalities.¹ The parts played by the central characters and their motives have been ever since the subject of great historical debate. Elliot played no part in the behind-the-scenes drama. Its end product, however, the formation of the National Government, brought him the appointment of Financial Secretary to the Treasury. This post was traditionally considered to be the stepping stone to Cabinet office: Elliot had just over a year to wait.

¹ For a detailed account of the formation of the National Government see K. Middlemas & J. Barnes: Baldwin; R. Bassett: 1931: Political Crisis (London: Macmillan, 1958); and R. Skidelsky: Politicians and the Slump (London: Macmillan, 1967).

Chapter 3Financial Secretary 1931-1932

The formation of the National Government on 24 August 1931 was intended as a temporary expedient to facilitate the implementation of the measures of economy thought necessary to remain on the Gold Standard and to balance the Budget. This objective was regarded as the sole, immediate task and raison d'être of the coalition. Once achieved, there would be a return to previous political alignments and an election would be held, the main issue of which would be Protection versus Free Trade. This then was the generally held interpretation of the developments of late August 1931. Elliot was sceptical from the beginning, believing that the coalition would endure for rather longer. Privately, he was in no doubt as to the true complexion of the new administration.

"In fact this is not a National Government and does not begin to be a National Government. It is a perfectly ordinary straightforward bourgeois bloc, which will naturally attract the 'relentless hostility' of the Opposition The supposition that this bloc will automatically dissolve itself in a few weeks' time is fantastic. Whatever its nominal dissolution, it will in fact remain."¹

Elliot had of course worked since entering Parliament for more inter-party cooperation and even for a centre progressive

¹ WE to Chaim Weizmann, 27 August 1931. WE Papers Box IV.

bloc. He therefore approved of what he termed "the coalition of Coalitions," the nature of which however astounded him: writing to his future wife following his acceptance of the post of Financial Secretary to the Treasury, Elliot admitted that despite being "a hardened coalitionist," a coalition of himself, Snowden and Archie Sinclair had not entered into his calculations. One appointment evoked sarcastic comment.

"Do you realise that your ex-party actually has shoved Lord Crewe (!) into this Govt. in a major post, Secy. for War. Crewe!! He was past his work in Asquith's day. Bracken lost £1 on declaring that he was dead and John Boyd declares he is dead & has been appointed as a measure of economy."

Elliot asserted that the new Government as constituted could only last a short time on account of the party position in the House of Commons. He declared it was impossible to rebuild sterling on a 20-30 seat majority and that the longer the Government hung on, the less chance it, the right-centre bloc, had of winning an election.¹

Elliot attended the Conservative Party meeting held in the Kingsway Hall on 28 August in order that Baldwin could explain his reasons for committing the party to coalition. At the gathering, the strict limits of the Government's task, its short life expectancy and the nearness of an election were underlined. Baldwin spoke in terms of part 1 and part 2. The former represented the proposed economy legislation and the balancing of the

¹ WE to Katharine Tennant, 28 August 1931. In the possession of Baroness Elliot.

Budget. Baldwin stressed that alone was the raison d'être of the National Government.

"After that, our agreement ends and we part company, because we then get to part 2, the tariff."¹

In other words, once the measures of national economy had been carried, the Conservatives would fight the inevitable election on a Protection platform.

The following day, Elliot made his first public speech following the formation of the National Government and his appointment as Financial Secretary to the Treasury. The venue for the speech, which had been arranged long before the dramatic developments, was Carlisle in the constituency of Lanark which Elliot had represented when first elected to Parliament in 1918. He praised MacDonald, Snowden and their Liberal/Labour colleagues for putting the country before their parties. Explaining his own appointment as assistant to Snowden, he asserted that National Governments made strange bedfellows. Elliot denounced the policy of the last Government, some leaders of which he now sat alongside in the House of Commons. He accused them of ignoring the warning signs of the imminent economic blizzard.

"We do not blame them along for the storm but what we do say is that, seeing these signs of distress and danger in other countries, they have drifted and drifted and dallied with the situation until we find ourselves within twenty-four hours of a collapse of the British currency."²

¹ Manchester Guardian 29 August 1931.

² Daily Record & Mail 29 August 1931.

He looked forward to the inevitably impending election at which he hoped a mandate would be given for taking the necessary albeit unpleasant measures to rescue the country from its deep-rooted economic malaise. Elliot stressed that once the immediate crisis was over, reconstruction would demand a radical economic re-thinking with all previously held axiomatic beliefs and orthodox economic theories being subjected to a complete re-evaluation.¹

The House of Commons met on 8 September when a motion to set up the Committee of Ways and Means was treated as a vote of confidence which the National Government won by 309 votes to 249. In the next few days, the Government introduced its programme of economy taking powers to make Orders in Council to effect reductions in expenditure. On 10 September, a frail Philip Snowden, solicitously attended by Elliot, introduced the Budget in one of his greatest parliamentary performances. It inspired the greatest ovation a Chancellor of that era had received, with the somewhat bizarre spectacle of rows and rows of cheering Liberals and Conservatives while across the floor, Snowden's former colleagues booed and hurled abuse. The measures themselves were severe with cuts in unemployment benefit, child allowances, educational expenditure, and the pay of the armed services, civil service, police and teachers. Income tax was to be increased and the exemption level lowered while the price of beer, tobacco, petrol and entertainment went up. Finally,

¹ Glasgow Herald 29 August 1931.

the Government sought power to reduce the interest on the £2000 million block of 5% War Loan. The Budget was in fact almost identical to that proposed by Snowden to the former Labour Cabinet.

The National Government had ostensibly been formed for a limited period to achieve a specific objective, namely to balance the Budget and keep the £ on the Gold Standard. In the days that followed Snowden's Budget statement, it became clear that events might not go as planned. Unrest including the mutiny at Invergordon over the proposed pay cuts was blown up by the foreign press into a crisis of the first dimension. The drain on gold accelerated into a deluge. On 19 September, Sir George Harvey, deputising for the absent Montagu Norman, advised the Government to go off gold. Two days later, the Gold Standard (Amendment) Bill was passed suspending the 1925 Act by which Britain had returned to gold. This followed the Government's announcement that pay cuts would not be more than 10%. The Government's action had far-reaching repercussions throughout the world, with a sharp decline in international liquidity and a further contraction of trade. In Britain itself, however, it caused hardly a stir. Few appreciated that it heralded the beginning of a new era, an unconscious revolution in economic thinking reflected in the rejection of the orthodox response of severe deflation. In his speech on the bill, Elliot appealed for calm and caution.

"There is no greater danger to the nation than the loss of a balanced mind. There are three important balances; there is the balance of the Budget, the balance of trade and not less vital, the balance of mind. Unless we can

maintain a balanced mind in face of these potential dangers they may easily turn into actual dangers."¹

Elliot in those critical days proved to be a very able lieutenant and source of strength to Snowden. His experience in assisting Churchill with the 1928 Budget stood him in good stead. He proved skilful in avoiding Opposition booby traps on the Budget resolutions themselves and on 23 September, made an impressive major speech when winding up for the Government on the Second Reading of the Finance Bill.

The following day, Elliot attended a meeting of the Conservative Party Business Committee at which Baldwin declared in favour of going to the country as soon as possible on a united national platform.² The ten man Cabinet had agreed a week earlier that there should be an immediate election but at that time it still seemed likely that the coalition would break up and the parties would fight on separate platforms. To begin with, Baldwin had felt obliged to stick to the original agreement made at Buckingham Palace,³ and despite his readiness to work with anyone towards Protection, he looked forward to the freedom of fighting the election on a party basis. By mid-September however, under increasing party pressure, he could no longer resist the politically attractive idea of an early General Election on the basis of a national appeal by the National

¹ 21 Sept. 1931. 256 H.C. Deb 5s col 1356.

² NC Diary, 24 Sept. 1931.

³ Outlined in Middlemas & Barnes: Baldwin p.629-630.

Government. At a meeting of the 1922 Committee on 21 September, a motion in favour of an emergency tariff and an early General Election was passed unanimously. This served to reinforce Baldwin's attitude and the manœuvres to maintain the National Government began in earnest.

The Business Committee meeting of 24 September accepted that MacDonald should lead during and after the election on a national programme seeking a free hand but including wide-scale Protection. Neville Chamberlain felt that this decision proved truly that the Conservative Party was "a wonderful embodiment of good sense, patriotism & honesty."¹ The National complexion of the Government would be preserved by MacDonald as Prime Minister with his National Labour colleagues on the Government benches. As for the Liberal Party, it was by this time irrevocably split into the dogmatic Free Traders led by Samuel and the more conciliatory Simonites with Lloyd George on the sidelines recovering from an operation. A few days earlier, Simon had come out in favour of an emergency tariff and by 23 September no fewer than 29 Liberals had signed a memo to MacDonald in support of any measures thought necessary by the Cabinet majority to restore the balance of trade.² The Conservatives therefore could accept, as a likely consequence of planning an early election on a full tariff platform, the alienation of the Samuelites. Indeed many Conservatives positively wanted rid of Samuel and his colleagues. Leo Amery, admittedly biased as an arch-Protectionist, noted that

¹ NC Diary, 24 September 1932.

² Middlemas & Barnes p.641-2.

at the Business Committee meeting "we were all agreed as to the great importance of pitching our tariff demands high enough to make sure of getting rid of Samuel and, if possible, Reading."¹ Elliot and his progressive friends too had little love for Samuel. Ormsby-Gore had feared as far back as the date of the formation of the coalition that his party might be compromised by its association with the Liberals and had told his leaders of his mistrust of "a twister like Herbert Samuel."²

In the days that followed, the Conservatives wooed and won MacDonald. He was not unnaturally concerned that he was being used and might be cast aside at any time. In the end, however, he agreed to lead the Government into an early election on a free-hand manifesto or doctor's mandate. His decision was influenced by his bitterness at being expelled with all his National Labour colleagues from the Labour Party. He did however insist on Liberal approval. There was no problem with the Simonites who a few days later officially severed their links with the other Liberals. The Samuelites found themselves in an unenviable position: if they resigned as advised by Lloyd George then they could be charged with deserting the national cause and provoking the return to party warfare; on the other hand, to accept what the Conservatives were proposing went against their principles. In the event, they did the latter. After discussions between Samuel, MacDonald and Chamberlain, the Liberals

¹ Leo Amery: My Political Life Vol III 1929-1940 (London: Hutchinson, 1955) p.68.

² OG to SB, 24 Aug. 1931. Baldwin papers vol 44.

relinquished their objections to an early General Election. Chamberlain and other leading Conservatives felt that Samuel had completely surrendered while they had conceded nothing and while they might have preferred not to have to include them, in the circumstances there was little option as "though we saw most serious difficulties in working with the Free Trade Liberals we could not keep them out if they swallowed everything we put before them."¹ There was still, however, the question of a manifesto. After three or four days of intense negotiation, it seemed that the Samuelites would after all leave the Government. At the last moment, however, at the dramatic Cabinet meeting of 4 October, agreement was reached that the three parties in the coalition should produce separate manifestos. On this somewhat bizarre note, Parliament was dissolved and an election called for 27 October.²

In effect there was only one election issue, whether in principle there should be a National Government. The verdict was overwhelmingly yes. The Labour Party and the IILP were reduced to 52 seats while the coalition won 556 seats. No sitting Conservative lost and many Tory candidates who had contested 'safe' Socialist seats suddenly found themselves at Westminster. It was however a victory for the National

¹ NC Diary, 1 October 1931.

² For a fuller account of the discussions and manoeuvres of late September and early October 1931 which culminated in an agreement to fight the General Election on a National platform with three separate manifestos see David Wrench: 'The National Government 1931-1935', Ph.D thesis, Univ. Coll. North Wales 1973 p.27-56. Also Middlemas & Barnes: Baldwin p.640-647.

Government and not a party victory for the predominant Conservatives. Cabinet-making was particularly complex on this occasion with MacDonald determined not to have a Cabinet totally dominated by Conservative Ministers. He had too to treat the Liberals as two separate, equal factors. Samuel was left at the Home Office but to balance things, Simon, who turned down the Board of Trade, was made Foreign Secretary.¹ This latter appointment proved extremely unpopular and indeed most of the political intrigue and speculation over Cabinet changes in the next four years concerned the removal of Simon from this post. For all that, MacDonald's Cabinet of 1931-1935 proved to be one of the most stable of our time with only a very few changes in personnel. This and the fact that three parties were involved reduced considerably opportunities of promotion for young Conservatives. Elliot, who scored a resounding victory in Kelvingrove with a majority of 9066 over his Labour opponent, was by this time, however, well and truly on the threshold of Cabinet office. He would undoubtedly have been made a Minister in 1931 in a Conservative administration. As it was, he was reappointed Financial Secretary, and found himself with a new chief, Neville Chamberlain, who succeeded Snowden as Chancellor of the Exchequer.

On the morrow of the election victory, Conservative Ministers in the new Cabinet began to press for the tariff legislation they believed essential to economic recovery. Walter Runciman had been appointed President of the Board of Trade in order to balance

¹ NC to Hilda 7 Nov. 1931 NC Papers 18/1/760.

the Free Trade and Protectionist interests in the Cabinet, the latter chiefly represented by Chamberlain at the Treasury. Runciman, however, followed Simon in accepting the use of a tariff as a temporary expedient. Accordingly, in December, the Commons was treated to the spectacle of a Liberal Free Trader introducing a measure which in effect heralded the beginning of a political revolution, giving a Minister wide protectionist powers. The measure in question was the Abnormal Importations Bill. This empowered the Board of Trade to impose duties up to 100% ad valorem on manufactured goods entering Britain in abnormal quantities. Immediately the bill became law, duties were put on such items as cutlery, typewriters and woollen goods followed by cameras and electric lamps. Shortly afterwards, the Ministry of Agriculture acquired similar powers to intervene in the importation of fresh fruits, vegetables and flowers after the passage of the Horticultural Products (Emergency Duties) Act.

With this breakthrough achieved, the Conservatives in the Cabinet felt justifiably that they were well on the road towards their aim of introducing a general tariff. A few obstacles stood in their way, in the form of their Cabinet colleagues from the other parties in the National Government. Runciman did not present any problems, indeed having introduced the first measure of protection he and his department went on to give full support for a general tariff. Simon, too, accepted the arguments in favour of protection as an expedient to alleviate the country's

economic ills. The President of the Board of Trade and the Foreign Secretary joined Chamberlain and Cunliffe-Lister on the six man Balance of Trade Cabinet Committee which was therefore loaded from the start against the free trade interest represented by its other two members, Herbert Samuel and Philip Snowden. Thus, the Committee appointed ostensibly to give exhaustive, impartial consideration to the whole question of import policy did no such thing and proved merely to be the vehicle through which the protectionists formulated the steps to be taken to implement their policy aims.

The majority recommendation in January of a general tariff occasioned a Cabinet crisis, with threats of resignation from Samuel, Snowden, Sinclair and Maclean. Chamberlain had been sceptical from the outset of the Committee's deliberations that Protection would scare off the Free Traders. He believed that "Archie Sinclair and 'our Herb' will stick to their offices like leeches."¹ There was certainly a great deal of argument within the Cabinet in January 1932 but in the end as Chamberlain predicted no resignations took place. Instead a somewhat bizarre arrangement suggested by Hailsham was made which was known as the agreement to differ. Under such a formula, Cabinet Ministers would be free to speak and even vote against measures forthcoming to implement the Balance of Trade Committee's decision in favour of a general tariff. It was an historic

¹ NC to Hilda 7 Nov. 1931. NC papers 18/1/760.

abdication of Cabinet responsibility but passed with scarcely a ripple in a nation searching for reconciliation in domestic and foreign affairs. Half a century earlier, the switch to Protection would have been sensational provoking widespread public reaction. In 1932, however, all emotion had gone out of the Free Trade-Protection debate. Neville Chamberlain alone saw the Protectionist victory in emotional terms, the fulfilment of his father's dream.¹

The Import Duties Bill proposed a 10% ad valorem tariff on almost all foreign imports except those already dutiable and certain other goods which were now specifically exempted. Among items on the free list were foodstuffs like meat, maize and milk. Imperial products were exempted pending the Ottawa Conference to be held during the summer. The bill also provided for the creation of the Import Duties Advisory Committee upon the recommendation of which the Treasury could order the imposition of additional duties. Neville Chamberlain introduced the money Resolution on 4 February. He made a powerful speech at the end of which he paid moving tribute to his father whose ideal it was that was being put into practice.

Herbert Samuel's speech was not merely a reaffirmation of his Free Trade belief but was in fact an all-out attack on the proposals put forward by the Government in which he was Home Secretary.² He had not been prepared to resign at this juncture

¹ A.J.P. Taylor: English History 1914-1945 (Penguin Edition, 1970) p.411.

² 4 February 1932, 261 H.C. Deb 5s cols 316-335.

but his speech emphasised his virulent opposition to the import policies of his Conservative colleagues in the Cabinet. He criticised the general ad valorem duty of 10% as being unnecessarily wide to effect cuts in specific areas of surplus. He also pointed out that the measure would not be temporary and that if the Ottawa conference resulted in a continuation of exemption, then the legislation could not freely be repealed as it would then prejudice formerly agreed Imperial preference. Samuel proposed instead the alternative strategy of an industrial commission to draw up efficiency schemes and a very temporary period of protection with parliamentary sanction required for each proposed action.

Elliot winding up for the Government dismissed the arguments Samuel had put forward. He declared that specific prohibitive duties would provoke more bitter reaction and repercussions than a general import duty and, in answer to Samuel's point about British industries being badly affected by the tax on raw materials, pointed out that such materials imported from the Empire were not dutiable. Elliot went on to assert that all the old emotions and convictions behind the Protection versus Free Trade argument had gone and it was time to try out the various options. Parliament had to move on to consider the truly greater problems of the 20th century and in order to do so had to clear away the outdated considerations of a bygone age.

"The House knows that this great question has been argued out to a conclusion, that the time has come to test it by experience. The House is hungry and longing to get onto the greater problems before us. We shall not succeed by

shelving the problems of currency and foreign policy. The things we are discussing tonight must be cleared out of the road before we can come to the great questions of the 20th century - the reorganisation politically, socially and economically which this country will have to go through; the rising spirit of the younger generation; the contribution which youth has to make to the future of our country. Our efforts in those directions are being 'cribbed, cabin'd and confined' by those dusty and fusty remnants of 19th century problems. Let us clear them out of the way."¹

Elliot made another impressive speech introducing the Second Reading on 15 February, a few days after being made a Privy Counsellor, when he again counter-attacked the arguments put forward by the Home Secretary.² The Bill spent five days in Committee. Discussion on the First Schedule, the so-called free list of goods exempted from duty, took up considerable time with amendments mainly from the Conservative benches to add or subtract items from the list which included wool, metallic ores, copper, coal, maize, beef, mutton and pork. Strictly time-tabled, the Bill received its Third Reading on 25 February. Controversy over the free list, however, and the means of future amendment to it re-emerged during the debates on the Finance Bill.

The Budget resolutions of April 1925 and the Finance Bill which followed gave Elliot a wonderful opportunity to enhance his already considerable claim to future Cabinet office for Chamberlain was struck down by gout leaving Elliot to conduct these measures through the Commons. Chamberlain introduced his

¹ 4 February 1932, 261 H.C. Deb 5s col 392.

² 15 February 1932, 261 H.C. Deb 5s cols 1295-1309.

Budget on 19 April.¹ There was no change in taxation and the provisions of the emergency budget of September 1931, including the unpopular beer duty, were retained. The Chancellor did however propose a 4d duty on tea with a 50% Empire preference and with a 2d excise duty on stocks over 1000 lbs already in the country. The feature that aroused the most interest was the proposal to stabilise the exchange by holding adequate reserves of gold and foreign exchange to meet sudden withdrawals and to discourage speculation. For this purpose, Chamberlain was to ask for powers to borrow up to £150 million to form the Exchange Equalisation Account.

Chamberlain suffered the first attack of gout a few days after his Budget speech. It was his worst attack for a long time, rendering him unable to walk.² He could not, therefore, attend the House on 25 April to move the resolution to set up the Exchange Equalisation Account. Elliot deputised brilliantly. He compared capital to a ship. The new fund would erect bulk-heads and prevent reaction to sudden movement. He accepted that there were risks but it was a worthy experiment and he adroitly fobbed off inquiries as to whether it was intended to stabilise the £ at a certain level.³ Elliot's confident handling of the resolution which then formed some of the clauses of the Finance Bill was matched by his competence during the Report stage of the Budget resolutions held on the following two days.

¹ 19 April 1932, 263 H.C. Deb 5s cols 1411-1439.

² NC to Ida, 30 April 1932, NC Papers 18/1/780.

³ 25 April 1932, 265 H.C. Deb 5s cols 54-63.

Elliot's skilful conduct of the resolutions won the approbation of his leader Baldwin.¹ Chamberlain too was impressed.² He recovered sufficiently to lead the debate on the Second Reading of the Finance Bill but then suffered another major attack, leaving Elliot to take charge of the whole of the four-day Committee stage. Clause 1 which put the duty on tea provoked a long discussion, with the provision to tax those holding more than 1000 lbs again being strongly opposed by Labour as it had been at an early stage. Another clause vigorously attacked was that which empowered the Import Duties Advisory Committee to remove items from the Free list. In response to a recommendation by the Committee, the Treasury would impose a duty on a hitherto untaxed item and only then would the Commons be asked to approve the Order. This provision had in fact only been left out of the Import Duties Act due to a technicality. The Government's intention, however, had been quite clear and it had thought the issue settled but nevertheless the relevant clause was contended.

The third day of the Committee stage was given up to debate on the clauses concerning the establishment of the Exchange Equalisation Account. An amendment was proposed from the Government back benches by Mabane, a National Liberal, and seconded by Boothby to omit the proviso in clause 21 to wind up the fund

¹ NC to SB, 26 April 1932, Baldwin Papers vol 167.

² NC to SB, 28 April 1932, Baldwin Papers vol 167.

upon the expiry of the Gold Standard (Amendment) Act. This was taken to mean that the Government intended to return to gold. Elliot denied this asserting that as long as gold behaved as it was doing, there could be no question of a return. He did however promise to re-think the wording of the clause and indeed on the Report stage, the offending words were removed and replaced by the proviso to operate the Fund until the Commons decided otherwise. Finally, the clause to suspend the land value tax was criticised by Conservative M.P.s who sought its abolition altogether. Baldwin asserted that while a Conservative Government would indeed have sought to abolish what was after all only a dead letter on the statute book, the proposal to merely suspend it was made in deference to its initiator, the current Lord Privy Seal, Lord Snowden.

Elliot's exemplary conduct of the long Committee stage of the Finance Bill and his grasp of the difficult economics it involved once again commended him to his political elders. Ramsay MacDonald wrote to congratulate him.¹ Chamberlain was "delighted with the way Walter has handled his problems."² If in the past he had doubts about Elliot's political maturity, his deputy's handling of such important legislation in his absence impressed him very much indeed and he conveyed this to the Prime Minister.

"Walter Elliot seems to have done extremely well over the Finance Bill. He has not

¹ RM to WE, 31 May 1932, MacDonald Papers PRO 30/69/5/43.

² NC to SB, 30 May 1932, Baldwin Papers vol 167.

only shown his accustomed brilliance but also a restraint & caution which comes less naturally to him. I am delighted at his success."¹

Chamberlain wrote in similar terms to his sister concluding that it showed "how responsibility tests a man" with the man crumbling if he really was below his reputation but if he had the right stuff in him, the responsibility brought it out as it had with Elliot.² Elliot's friends too of course rejoiced that he had made so much of his opportunity to enhance his already bright political star. His old colleague John Boyd Orr wondered humourously if medical science could somehow "induce gout in Neville's other toe."³

Chamberlain returned to the House in time for the final stages of the Finance Bill when he publicly congratulated his Financial Secretary on his handling of affairs during his enforced absence.⁴ Elliot was highly flattered, comparing his chief's praise to a mention in dispatches.⁵ The main item of contention on the Report Stage was the retention of the beer duty. This particularly annoyed Conservative agricultural interests which had been pressing Chamberlain unsuccessfully for a reduction. It had not been discussed during the Committee stage of Bill since the sponsors of the Conservative amendment had been caught unawares by the speedy consideration of preceding

¹ NC to RM, 29 May 1932, MacDonald Papers PRO 30/69/2/12.

² NC to Hilda, 29 May 1932, NC Papers 18/1/784.

³ Colin Coote: Companion of Honour p.129.

⁴ 10 June 1932, 266 H.C. Deb 5s col 2338.

⁵ WE to NC, 10 June 1932, NC Papers 7/11/25/7.

amendments and had failed to be in the Chamber in time to move their motion. A similar lack of success met their attempts on the Report Stage which passed off smoothly for the Government as did the immediately proceeding Third Reading.

Elliot was left officially in charge of Treasury matters for most of the summer of 1932. This was because Chamberlain was absent first at the reparations conference at Lausanne and then at the Ottawa Conference.¹ The Chancellor did however take a break from Lausanne to announce the conversion of the war loan. This had in fact been anticipated in Snowden's Finance Bill in the autumn of 1931. The interest rate was to be reduced from 5% to $3\frac{1}{2}\%$ with the redeemable date put back five years to 1952. Those unwilling to convert could have their loan redeemed in December at the old interest rate if claimed within three months. Chamberlain, however, was confident that most of the three million stock holders would elect to convert and offered them the inducement to do so quickly by giving a £1 cash bonus for every £100 stock converted before 31 July.² In the event, about 90% was converted by this date thus effecting considerable savings in national expenditure. The conversion was achieved easily in a favourable atmosphere of patriotism. The Labour Party fully supported the measure which had it introduced when in Government would have received a very different reaction.

¹ The Ottawa Conference is discussed in Chapter 5a.

² For the Chancellor's conversion statement, see 267 H.C. Deb 5s, 30 June 1932 cols 2121-2126.

In June, a further strain was put on the already tense relationship between the Free Trade Liberals and their Cabinet colleagues with the death of Sir Donald Maclean, the Minister of Education. Samuel sought to have another of his Liberal group appointed to keep their Cabinet representation at three, the other two being himself and the Scottish Secretary, Sir Archibald Sinclair. Simon, however, as leader of the other Liberals who accepted Protection as a necessary expedient suggested that Elliot should fill the vacant post with one of his own men, Hore-Belisha, becoming Financial Secretary.¹ In the event, the former Viceroy of India, Lord Irwin, succeeded Maclean at the Board of Education.

The final straw for the Samuelites was the outcome of the Ottawa Conference. Samuel and Sinclair prepared to resign along with Snowden despite entreaties from MacDonald who saw himself more and more as a tool of the Conservatives. Samuel did not resign at once but issued the ultimatum that unless the quest for ratification of the Ottawa agreements was postponed until after the World Economic Conference, his group would resign en masse.² For the Simonites, Ottawa and the threatened resignations clarified beyond all remaining doubt that "there is no future for us but ultimate absorption into the Conservative Party."³ They sought to protect their position with Runciman

¹ NC to Annie, 21 June 1932, NC Papers 1/26/461.

² C.L. Mowat: Britain between the Wars 1918-1940 (London: Methuen Edition, 1972) p.418-419.

³ Shakespeare to Simon 23 September 1932, Runciman Papers WR 254.

suggesting that two of the three imminent Cabinet vacancies should be filled by National Liberals.

"This is partly for the look of the thing - preserving the broad base - and partly to keep alive loyalty to the Government in circles which had Liberal antecedents."¹

On 28 September, Samuel and Sinclair did indeed resign along with some junior Ministers. Snowden went too but the three other National Labour Cabinet Ministers stayed, namely Sankey, Thomas and of course the Prime Minister himself. Only one of the three vacant posts was in fact filled by a National Liberal with Sir Godfrey Collins becoming Scottish Secretary. The post of Lord Privy Seal was taken over by Baldwin. Sir John Gilmour was moved to fill Samuel's place at the Home Office. Elliot at last was given his chance, being appointed to succeed Gilmour as Minister of Agriculture and Fisheries. He was more than ready to meet the challenge of Cabinet office.

¹ Runciman to Chamberlain 21 September 1932, Runciman Papers WR 254.

Chapter 4.National Government Cabinet 1932-1936a) Cabinet colleagues

Walter Elliot was in Geneva as a delegate to the League of Nations when he heard the news of the resignations of the Samuelites and his own appointment to the Cabinet as Minister of Agriculture. As he started back for London, the Cabinet changes were publicly announced with his promotion being everywhere acclaimed - in the press, within the Conservative Party, and by the nation's farmers.

The Scottish newspapers were not surprisingly especially enthusiastic about the Cabinet changes. After all Elliot's appointment increased the already disproportionate Scottish Cabinet representation with his succeeding Sir John Gilmour who in turn was promoted to one of the major posts namely the Home Office in succession to Herbert Samuel with Sir Godfrey Collins taking over the Scottish Office from Archibald Sinclair. The Glasgow Herald diary commented wryly that Great Britain's destiny seemed to be Scottish controlled with of course apart from Elliot, Gilmour and Collins, Ramsay MacDonald at its head.¹ Elliot's own droll comment on this state of affairs made upon his arrival at Victoria Station was that "it shows the remarkable tolerance of Englishmen."²

¹ Glasgow Herald, 29 September 1932.

² Glasgow Herald, 1 October 1932.

Beaverbrook's Daily Express declared that Elliot's appointment was to be welcomed on every score, stating that "no man in the Conservative ranks has better deserved promotion to the Cabinet."¹ It proclaimed astonishment at Gilmour's promotion on the grounds that he had not been particularly successful at Agriculture. Beaverbrook saw in his successor determination to speak and act for the protection and encouragement of the agricultural industry. Elliot wrote to Beaverbrook to thank him for the enthusiastic attitude adopted by the Daily Express. Elliot had no doubts that the press lord's unreserved approval was ephemeral and that once his policies were formulated, the Daily Express would offer frequent criticism. However that notwithstanding, he declared that the leader had "warmed the cockles of my heart like a clap on the shoulder from an unexpected friend."²

The Economist would not be moved from its laissez-faire and anti-Ottawa stance. It made no specific comment on Elliot's promotion merely observing that the changes in Cabinet should enable it to function more smoothly; "The Government car has been fitted with a new cylinder in place of one which was not firing; the brakes can hardly function worse than before; the steering gear has been tightened by the insertion of a few more Conservative screws."³ The Conservative Party's reaction to the Cabinet changes was generally extremely favourable. Of

¹ Daily Express, 29 September 1932.

² WE to Beaverbrook 2 Oct. 1932, Beaverbrook Papers BBKC/132.

³ Economist, 1 Oct. 1932.

course, the resignation of the Samuelites meant that any semblance of the Government being a true national coalition had totally disappeared - after September 1932, the Government was national in name only. The result of the Cabinet reshuffle with Baldwin now combining the post of Lord President and Lord Privy Seal together with Irwin's succession to Sir Donald Maclean in July meant that whereas the Conservative Party had received 11 out of 20 Cabinet seats after the General Election of October 1931, it now had 13 out of 19. The six non-Conservative members of the Cabinet comprised of three National Labour made up of the Prime Minister, J.H. Thomas and Lord Sankey and three Liberal Nationalists or Simonites consisting of Sir John Simon himself, Walter Runciman and the new Scottish Secretary, Sir Godfrey Collins.

Any Conservative fears that the resignations would rock the National Government boat were outweighed by expectations that it would now sail on a more even keel. Samuel had after all been a thorn in the Government's flesh since the formation of the coalition in August 1931 and no Conservative, save the remnants of the free-trade wing, was sorry to see his departure. The resignation of Sir Archibald Sinclair was viewed with much greater regret as the Caithness M.P. was a very popular figure at Westminster. The appointment of his successor, Sir Godfrey Collins, came as a surprise to almost all political pundits, plucked as he was from obscurity on the back-benches and pitched straight into the Cabinet. Elliot's promotion as a result of the Ottawa debacle had been taken for granted given that he was,

as Financial Secretary, next in line as it were and extremely gifted with it. There was, however, powerful Conservative support for him to succeed Sinclair at the Scottish Office¹ and some disappointment when he did not: Sir Robert Horne wrote to Baldwin regretting the appointment of Collins whom he saw as incapable of curbing the growing disquiet in Scotland. The combination of certain sections of the press supporting a Scottish Parliament with what he termed "the distress & defeatism in Scottish industry" suggested to Horne that the Government would face a serious situation there. He wrote that he had "felt sure you would give it (the Scottish Office) to Walter Elliot who would have saved it."²

Elliot's entrance into the Cabinet was particularly pleasing to that section of the party which might be termed progressive. Consisting in the main of members of the war generation who had manœuvred towards a centre party in the 1920's and again during the second Labour government, the progressive Tories saw in Elliot a man who understood the vast change in political realities that had taken place in the past twenty years, attributable mainly to the First World War. The Labour Party might be at a low ebb at the moment but its role as the alternative government was established. Twentieth century life with all its new complexities like economic nationalism and political upheavals throughout the world required a new approach unfettered by

¹ Daily Express 28 September 1932.

² Horne to Baldwin 30 September 1932, Baldwin Papers Vol 167.

traditional Conservative unwillingness to make the role of the state in society a more positive one. Macmillan, Boothby, Stanley, Eden, Skelton - all these young Tories believed with Elliot that there not only was a viable system between unbridled capitalism and full-blooded socialism but moreover that it was absolutely necessary to strive towards its achievement not so as to keep the party abreast of the times although that would be an incidental result but to create a truly just democracy in Great Britain which would take account of the nation's industrial and social requirements. They expected that the new Minister of Agriculture would not merely attend to the needs of the farming community but moreover would be a strong and persistent progressive voice in all Cabinet affairs particularly concerning the major social and economic issue of the day, unemployment. Already one young progressive Conservative, William Ormsby-Gore held Cabinet rank. The addition of a man of such standing as Walter Elliot could only, it seemed, bring nearer the attainment of étatiste Conservatism, of what was regarded as but not yet called "the Middle Way" between a society based on private enterprise and unbridled individualism and that of industrial nationalisation and national welfare.

There can be little doubt that had the government formed in 1931 been a purely Conservative one, Elliot would have gone straight into the Cabinet. As it was, he was extremely fortunate to get appointed when he did - there was to be only one further change while MacDonald remained Prime Minister, that of Henry Betterton's replacement at the Ministry of Labour by Oliver

Stanley, and in addition the post of Paymaster-General held by Neville Chamberlain's protégé, Sir Kingsley Wood, was given Cabinet rank. It is indeed astounding that while cataclysmic political upheavals were affecting many other countries, in Britain there were so few changes in the administration.

Elliot's first Cabinet meeting took place on 11 October 1932. It seems apposite here to look at the calibre of some of his leading Cabinet colleagues.¹ The Prime Minister, Ramsay MacDonald has until recently been most unjustly treated by historians. David Marquand's biography,² however, while by no means perfect, has done for MacDonald what John Barnes and Keith Middlemas have done or even over-done for Baldwin, namely pronounced a much more favourable and in the author's opinion more credible judgement. The portrayal of MacDonald as a traitor to both the Labour party and the working class, and as a vain and self-seeking man, is no longer regarded as accurate except perhaps by the most dogmatic and uncompromising Socialists.

MacDonald in the autumn of 1932 still felt uncomfortable leading a Conservative dominated Cabinet. He confided to his diary that "this is nae my ain hoose".³ While he remained absolutely convinced that his action in forming the National Government was totally justifiable, it had cost him dearly. The entries in his diary written at this time show his profound unhappiness at not being with his old colleagues and his great

¹ See Appendix VI for list of Cabinet Ministers 1932-1936.

² David Marquand: Ramsay MacDonald (London: Jonathan Cape, 1977).

³ Ramsay MacDonald Diary 28 Sept. 1932 PRO 30/69/8/1.

hurt at their contempt for and bitterness towards him. This sensitive Scot who had made his way up from rural poverty while remaining unshaken in his utopian socialist creed had seen the course he followed in August 1931 as his national duty in a time of unprecedented economic crisis. It is widely acknowledged, not least of all by his son Malcolm, that Ramsay MacDonald stayed far too long as Prime Minister for his mental and physical abilities declined considerably in his latter years in that office. At the time of Elliot's promotion to the Cabinet, however, he was not at all the mere figurehead he later became. Per contra, although not giving much of a lead in home affairs, his influence on foreign policy was considerable and indeed absolutely crucial given the ineffectualness of his Foreign Secretary.

The Lord President, Stanley Baldwin was an enigmatic personality whose influence over government policy-making was boundless yet so unobtrusive that it was often not detectable as is explained so aptly by Middlemas and Barnes:

"The mark he made in Britain in the twentieth century is like the footprint of a colossal dinosaur, so wide that commentators seeking traces of the man, scurry about inside it and for want of evidence set him down as unimportant, a pawn in the hands of his more powerful subordinates."¹

Baldwin's strength lay, as David Margesson put it, in the fact that he only 'ticked over' normally at half speed and had therefore the capacity of 'revving up' his engines whenever any

¹ Middlemas & Barnes: Baldwin p.1074.

crisis occurred, and bringing into play great reserves of energy.¹ Baldwin was indeed a skilful political tactician and the best Party manager any party has ever had. Under MacDonald, Baldwin's role was absolutely crucial. Free of departmental worries, he not only had the weighty responsibility of being Conservative Leader holding together the various groups within the party itself but moreover he was the lynchpin in the unity of the National Government Cabinet.

Whereas Baldwin was in the closing stages of his political career, his youngest Cabinet colleague it seemed was just beginning. To say Elliot was a progressive Tory and a Baldwinian Conservative is not at all a contradiction in terms. From his high position, the older man considered much of what his young left-wing followers called for in the way of planning and co-operation in economic, social and industrial affairs not only to be the right way along which to proceed but indeed the inevitable road Britain would take as the twentieth century progressed. Elliot regarded Baldwin as his political mentor and teacher. From early days after the short hiatus which followed their enlistment under opposing banners at the Carlton Club in 1922, Elliot had looked up to Baldwin admiring his humanitarianism, social awareness and political perception. They were of different generations certainly but the political philosophy Elliot had moved irresistibly towards as a result of his experience of the First World War had too been reached by

¹ James Stuart: Within the Fringe (London: The Bodley Head, 1967) p.75.

Baldwin almost instinctively, realising that post-war priorities were of a different kind altogether from those of the age in which he had been reared.

Elliot saw Baldwin essentially as a man of the 19th century who found himself bringing to birth the 20th. His political raison d'être to the exclusion of practically all else was to liquidise the danger of class war, the spectre of which he felt close behind him. In Elliot's words Baldwin was "of the generation of the White Marxists who preceded the Red," Marxist in the sense that he saw as a real possibility "the permanent split of Britain into the haves and the have-nots - the two Nations of Disraeli."¹ He had extraordinary political antennae with which he could judge exactly the mood of the people. His brand of Conservatism, his understanding of the emotions behind Socialism and his acceptance of the Labour Party as the alternative Government was endorsed wholeheartedly by Elliot. Unquestionably the two men were similar types of human beings - politics apart, they had the same wry humour, genial manner and humanitarianism.

A different proposition altogether was the Chancellor of the Exchequer, Neville Chamberlain. Elliot had in the 1920's seen at close quarters "the unending power of work, the vehemence of conviction which were bound to bring him to a foremost place."²

¹ WE reviews of the G.M. Young and A.W. Baldwin biographies of Baldwin in Time & Tide 15 Nov. 1952 and Daily Telegraph 20 Jan. 1956 respectively.

² Walter Elliot: 'Neville Chamberlain' in Great Conservatives (London: CPC, 1953).

Then of course, for the past year Elliot had been directly under Chamberlain as Financial Secretary to the Treasury.

Undoubtedly, the younger man respected the extraordinary administrative abilities of his elder but their personalities and political attitudes were so very different that it is not difficult to understand why there never existed a close friendship between them nor why their working relationship was not always harmonious. Chamberlain was a man of such reserve that it almost amounted to impenetrable aloofness. In the words of Ronald Tree, a Conservative M.P. at that time, Chamberlain was "temperamentally unable to mix with the crowd,"¹ while Lord Home, who was later to become his PPS, recalls that "to lure him into the smoking room in the House was like catching the wariest bird, and any meetings so arranged, stilted and artificial, and he would escape at the first possible excuse."² Lord Home goes on to say that when Chamberlain did unbend in private, he made a fascinating companion with his knowledge of and interest in nature and the countryside but this redeeming side of his character was totally concealed from most of his colleagues at Westminster.

Chamberlain's rather patronising air in Parliament alienated the Labour Party - unlike Baldwin he did not hesitate to give his opponents short shrift and savage them when they were down. Already he was the dominant force in the National Government

¹ Ronald Tree: When the Moon was high (London: Macmillan, 1975) p.118.

² Lord Home: The Way the Wind Blows (London: Collins, 1976), p.60.

producing meticulously planned policies on all matters and not only on Treasury affairs. The result was, as Malcolm MacDonald recalls, that many of his Cabinet colleagues on issues not directly their concern would accept Chamberlain's case verbatim, their sole contribution to the debate being to say "I agree with the Chancellor."¹ MacDonald confirms Samuel's recollection that in Cabinet Chamberlain "was always willing to listen to arguments with a friendly spirit but a closed mind."² Put another way, once he reached his decision, his mind "clicked shut like the door of a safe, and nothing that anyone could say or do could make him change it."³ This aspect of his character did not bode well for a true partnership in Cabinet with Elliot who would not take kindly to undue interference in his departmental affairs and who would not acquiesce without a real battle in social policies he did not agree with - after all Chamberlain's orthodox restrictionist economics represented to left-wing Tories the unsmiling face of Conservatism. To Elliot and his colleagues, Chamberlain was a liability at the Treasury.

As we have seen in the previous chapter, Chamberlain's opinion of Elliot had improved drastically since the days when he thought him just "a clever windbag".⁴ Indeed, so impressed had he been with the performance of his Financial Secretary over

¹ Malcolm MacDonald in conversation with the author 28 July 1977 and 16 August 1977.

² H. Montgomery Hyde: Neville Chamberlain (London: Weidenfeld & Nicolson, 1976) p.71.

³ Ronald Tree p.70.

⁴ NC to Hilda 14 Nov. 1925, NC Papers 18/1/509.

the past year, especially as for part of that time Elliot had had to deputise for him, that Chamberlain wrote a hearty letter of congratulations upon his promotion to Cabinet.

"Sorry though I am to lose you, I sincerely rejoice in your elevation and at the fact that you will now join us in the Cabinet.

You have one of the most interesting and important of all offices. Not many Ministers have been a success there; but you have qualities which enable me to prophesy with confidence that you will be an exception and that you will enhance still further your already brilliant reputation.

I also want to thank you most deeply and gratefully for the help you have given me here. You have been undefeatable in the House of Commons and while always keeping your end up, you have never said anything to cause me embarrassment. I don't think any Chancellor has been better served in my time, and I am all the more indebted to you because my unfortunate indisposition put exceptional burdens upon you."¹

There were two Cabinet colleagues in particular that Elliot had to work in conjunction with in departmental concerns. J.H. Thomas at the Dominions Office was MacDonald's most intimate colleague in the Cabinet. Indiscreet and indecorous, the former railway union leader had a tough task on his hands trying to facilitate good-humoured negotiations between the mother country and her increasingly nationalistic Dominions. Walter Runciman, the President of the Board of Trade was a very different man indeed - a Liberal National old-fashioned Free Trader who nevertheless accepted with Simon the use of a tariff as an expedient to meet the peculiar circumstances of the times.

¹ Colin Coote: A Companion of Honour p.125.

A shrewd, competent and hard-hitting politician, Runciman was concerned with Britain's trade relations with foreign countries. The agricultural aspect of his responsibility often led to contrasting political interests to that of both the Dominion Office and the Ministry of Agriculture: as far as the latter was concerned, opinions would become increasingly polarized as Elliot fought for more protectionist legislation for home agriculture which inevitably was bound to lead to difficulties with foreign suppliers and therefore problems for the Board of Trade.

Of his remaining Cabinet colleagues, Elliot was closest to Ormsby-Gore in his political beliefs and objectives. The two men had been friends and close colleagues since their early days in 'the Group'. Ormsby-Gore, First Commissioner of Works in the National Government Cabinet since 1931, had been brought up in an extremely wealthy background - he was in fact the heir to Lord Harlech. Gifted with a brilliant mind, he could master complex briefs overnight and employ telling phraseology in his speeches. What he did lack as indeed did Oliver Stanley, another of Elliot's close colleagues who entered the Cabinet in 1934, was what might be described as the human touch. Both Ormsby-Gore and Stanley came across altogether too aristocratic and stiff upper lip. Elliot in contrast was truly a man of the people, a Briton of Britain.¹

¹ I am indebted to Malcolm MacDonald for his assessment of the personalities of Ormsby-Gore, Stanley and of course Elliot.

The three men did share a belief in the necessity for planned Capitalism and a revolution in social welfare. This 'lost generation' trio did not accept the orthodox fiscal theories being put into practice at the Treasury. On the contrary they were fundamentally expansionists at a time when the watchword of the Chancellor was caution. In Cabinet, Elliot, Ormsby-Gore and later Stanley were forthright in their disagreement with certain aspects of Chamberlain's economic policies. They were, too, always ready to speak their minds on social and foreign policy. On the latter, their war-time experience coloured their attitude. Their determined and persistent intervention on matters outwith their own departments irritated Chamberlain who considered they lacked the necessary experience and political judgement and who tagged them "the Boys' Brigade".¹

The rest of this chapter deals with the attitudes of one member of the Boys' Brigade namely Elliot himself towards certain aspects of domestic and foreign policy in the years 1932-1936. His work in his own department, the Ministry of Agriculture, is considered quite separately in the next two chapters.

¹ NC diary 13 July 1933, NC2/23A.

b) Elliot and certain aspects of
National Government 1932-1936

The major social policy debate of the decade was without doubt that which took place on the question of unemployment assistance. Elliot as a leading progressive voice in the Cabinet became centrally involved in an issue which divided the Cabinet and which led to heated argument and considerable ill feeling. In the House of Commons it provoked angry scenes and all night sittings. The outcome, a national unemployment assistance scheme, was a milestone in the development of the 20th century welfare state, paving the way both in terms of laying the groundwork for and preparing attitudes for the acceptance of the social legislation of the 1940's.

In October 1932, a Cabinet Committee was appointed to act on the Majority Report of the Royal Commission on Unemployment Insurance. This recommended the creation of new assistance committees at local council level to take over all the able-bodied unemployed whether formerly in the transitional category or uninsured altogether. The Ministry of Labour would provide somewhat vague supervision but the local committees would retain discretionary powers and the right of varying the rates of assistance paid. By the time this scheme was put forward, however, Neville Chamberlain had produced one of his own. In Chamberlain's plan only the sick and those receiving indoor relief would be assisted at local level - all the rest, excepting of course those covered by insurance, would be handled by a

national commission loosely linked to the Ministry of Health. As Miller has written, these proposals were certainly rational but politically untenable with their bringing together the regular poor with the industrial unemployed into one category to be treated on what appeared to be Poor Law principles practised at national level.¹

That Chamberlain did not get his way was the result of fierce opposition from certain members of the Cabinet spear-headed by Sir Henry Betterton, the resolute Minister of Labour, who immediately launched a determined counter-attack against the Chancellor and his marionette, Hilton-Young, who was Minister of Health. Betterton first put forward a plan of continuing the Public Assistance Committees but despite the support of Collins, the Scottish Secretary, and Irwin at the Board of Education, he was outvoted in the Cabinet Committee and the idea of putting assistance on a national level was accepted as the basis of the Government's unemployment assistance policy. Chamberlain and Hilton-Young sensing victory went ahead and by March 1933 produced a draft bill which was endorsed by a majority of Cabinet Committee for submission to the whole Cabinet.

Chamberlain was confident of victory believing his opponent to be considerably weakened: "The Minister of Labour still kicks but more feebly."² The Chancellor was however completely

¹ F.M. Millar: "National Assistance or Unemployment Assistance" in Journal of Contemporary History April 1974 Vol 9 No.2.

² NC to Hilda, 1 April 1933. NC Papers 18/1/822.

mistaken in his anticipation of surrender. Betterton recorded in the strongest terms his total opposition in principle stating that despite modifications made to the proposed plan, he was still convinced that to adopt the scheme would be a political blunder. It was "the application of Poor Law principles to large classes of the unemployed who have hitherto been free of them."¹ At the Cabinet meeting of 7 April 1933, Betterton was supported by only one of his colleagues on the Cabinet Committee, Sir Godfrey Collins. The Prime Minister certainly had his doubts about Chamberlain's scheme, writing in his diary that it was "full of pitfalls", that it "savours too much of Poor Law" and that it would cause "great revolt."² MacDonald however was unwilling to fight against his Chancellor on this issue. Two members of the Cabinet, however, who had not been on the Committee hastened to Betterton's defence - the "Boys' Brigade" duo of Elliot and Ormsby-Gore.

Elliot had been considering the whole question of unemployment assistance and insurance for some time. He had after all deliberated upon the thorny subject at some length as Betterton's Conservative colleague on the abortive all-party Advisory Committee on Unemployment Insurance in 1930. He must have felt considerable frustration at not being a Member of the Cabinet Committee that had been appointed in October 1932 but he had used every opportunity to convey his feelings when the matter

¹ Memo. by the Minister of Labour CP90 (33) 4 April 1933 in Cab. 24/239.

² Ramsay MacDonald diary 7 April 1933.

was discussed by the whole Cabinet. Now that the Committee had approved Chamberlain's scheme and had submitted it for Cabinet approval, Betterton's supporters had to pull out all the stops if they were to live to fight another day. Elliot rose to the occasion magnificently. Any national scheme, he asserted, which was affiliated to the Ministry of Health would inevitably smack of the Poor Law. Only under the Ministry of Labour could the right atmosphere for the overhaul of unemployment assistance be secured. This attitude was recorded most succinctly in the Cabinet minutes.

"For administrative reasons he preferred the scheme should be under the Ministry of Labour but for psychological reasons he considered it essential."¹

At the next meeting of the Cabinet three days later,² something happened which can in retrospect be seen as the turning point in the struggle between Chamberlain, Betterton and their respective supporters. It was decided to ask the Cabinet Committee to re-examine the matter, to come to an agreed scheme and decide which Ministry was to be responsible for the operation. The big difference was that Elliot and Ormsby-Gore were added to it. This meant that the Unemployment Insurance Policy Committee now consisted of eight members, two of whom, Gilmour and Thomas, played only minor roles, their respective support for Betterton and Chamberlain cancelling out. This left the

¹ Cab.25 (33) of 7 April 1933.

² Cab.26 (33) of 10 April 1933.

six leading participants with Chamberlain and Hilton-Young now up against the powerful combination of Betterton, Elliot, Collins and Ormsby-Gore. Baldwin saw the two sides as being fairly evenly matched although he considered the quartet somewhat of an unknown quantity. He expressed these sentiments in a note passed to Chamberlain in Cabinet.

"You and Hilton-Young have the subject at your fingers' ends. You are strongly in favour. Thomas supports you. This is all very weighty. Then Labour opposes strongly. Grant that they hate Health and are jealous: yet Horace Wilson, for instance, is very wise and would not be wholly affected by such feelings. Scotland is a real difficulty. Elliott (sic) and Gore who have worked on the subject seem dubious, but don't suggest. I don't know how far H.B. will carry his opposition. If and when a decision is taken, we must all push behind together and with enthusiasm."¹

The fundamental issue at stake was the future status of the transitional class, that was those persons who had been in insured occupations but had exhausted their unemployment benefit rights. Chamberlain in his scheme wished to put them in the same category as all other unemployed except those receiving indoor relief while Betterton was determined that there should continue to be two completely separate groups. At the first meeting of the reconstituted Committee on 3 May 1933, these conflicting viewpoints were reiterated with Elliot supporting Betterton's argument that some division of function and of responsibility could and should be made.²

¹ SB to NC, note in Cabinet NC Papers 7/10/13.

² 3 May 1933 U.I.C. (33) Cab.27/552.

The Minister of Labour had by this time, with new-found confidence due to the favourable alignment of the reconstituted Committee, seized the initiative and come up with a scheme of his own to create an Unemployment Assistance Board to handle all those able-bodied persons normally working, leaving the majority of those at present dealt with by the Public Assistance Committees where they were. In response to this, the Chamberlain/Hilton-Young bloc produced a new plan at the second meeting¹ proposing that both groups receiving outdoor relief should be handled by one national commission but subjected to completely separate regulations with the Ministry of Labour responsible for the first category or employables and that of Health responsible for those persons though able-bodied who were unemployable. Elliot was not at this meeting but had expressed forcibly to Chamberlain his doubt whether it was practicable for any such Commission to act in two capacities. Betterton felt that for the moment the Government should confine itself to legislating for those unemployed in the industrial field, covering the present transitionals and all other able-bodied persons belonging to trades as yet uninsured. He persisted with his opposition and produced the strongest worded memorandum on the subject that had been drawn up by either side.² While he considered that many of his objections had been met, he found it impossible to agree to the establishment of one Commission to

¹ 10 May 1933 U.I.C. (33).

² 30 May 1933 U.I.C. (33) 12.

cover the whole spectrum.

It seemed to be a stalemate but private discussions during the month of June produced a compromise by which Betterton's scheme was accepted as the basis for discussion. There can be no doubt whatsoever that what must be regarded as a victory for Betterton over the formidable personage of Neville Chamberlain at a time when the latter was indisputably the dynamic force behind much of Cabinet policy, was due primarily to the fact that his own tenacity had been complemented by the determination of some of the most persistent members of the Cabinet. Chamberlain must be given the credit for the administrative framework of the approved scheme but his logic had been rejected by the Cabinet in their acceptance of the Betterton-Elliot approach to social and political realities. Victory for the Minister of Labour and his progressive colleagues had only become a feasible outcome after the reconstitution of the Cabinet Committee which gave them the edge. Ironically, it had been Chamberlain who had suggested that the issue be remitted back to the Committee and that Elliot and Ormsby-Gore should be added to it.¹ By giving Betterton these powerful reinforcements, the Chancellor had destroyed his own chance of victory. He was learning the hard way that there were some of his Cabinet colleagues who would not be intimidated into silent acquiescence by his powerfully presented and thoroughly prepared arguments.

The Unemployment Insurance Bill was laid before parliament

¹ NC Diary 8 May 1933.

early in November 1933. It was in two parts, the first amending the insurance scheme which was made permanently solvent and the second which appointed the Unemployment Assistance Board to give relief to the able-bodied unemployed. The Board was given the task of drawing up standard regulations governing the rates of assistance and the resource allowances of the household means test. Predictably the Labour Party opposed the bill root and branch, even resorting to an all-night sitting on 14/15 December on an uncontentious bill¹ to protest against the Government's use of the guillotine. The passage of the bill however did not end the controversy within the Cabinet and in Parliament over unemployment assistance. On the contrary, the struggle was just beginning. If the battle between Chamberlain and Betterton had been fiercely fought, it was a mere skirmish compared with what was to take place over the rates and regulations that would be drawn up by the U.A.B. All the old campaigners would be in action with Elliot again to the fore of the progressive battalion against the forces of caution led by Chamberlain. The supreme irony however would be that Betterton would fight against the "Boys' Brigade", from his position of first Chairman of the Unemployment Assistance Board.

In the autumn of 1933, foreign policy considerations occupied most of the Cabinet's time. The critical issue was the worsening situation at the Disarmament Conference in Geneva which

¹ To impose direct rule over financially troubled Newfoundland.

had begun in February 1932 but which now threatened to break down owing to the incompatibility of the German equality of rights claim and France's security anxieties. Ministers were recalled in late September to an emergency Cabinet meeting to formulate a reply to the French question as to what Britain's attitude would be if Germany proved to be engaged in re-armament.¹ The Foreign Secretary John Simon stated that the alternatives appeared to be to allow Germany a certain amount of re-armament by convention or to make no such agreement in which case Germany would just re-arm to what extent and in what weaponry she chose. The Cabinet were united in their doubts as to whether France really had any intention of disarming. The majority were unwilling to commit Britain to specific action if Germany broke the rules and wanted the reply to France to be in vague terms.

Elliot objected most strongly to this line and stated his opposition in no uncertain terms. He feared the possible recurrence of the 1914 situation when, because Britain had not declared her position, she had been charged with failing to prevent the outbreak of war. The critical situation at the Conference was now such that the Government could no longer hedge its bets but should make it clear perhaps just what Britain's reaction would be to a German violation of a disarmament agreement. The issue had to be faced fairly and squarely. Elliot declared his opinion that if Germany did begin to re-arm in a flagrant manner, such action would seem to afford a casus belli.

¹ Cab.51 (33) of 20 September 1933.

Those Ministers chiefly responsible for foreign affairs namely MacDonald, Simon and the Under-Secretary, Anthony Eden, who was present at this particular Cabinet meeting, were not willing to go further than asserting that were it to be proven that Germany had violated a disarmament treaty, then the other parties to the agreement would be released from their commitments. At the next Cabinet Meeting on 9 October, however, the Ministers had a completely changed situation to consider.¹ What had happened in the interim was that Germany had conveyed privately through Prince Bismarck that she would not accept a period of probation and that regarding those weapons not subject to restriction for the other nations, she would not just request samples but would demand no limit on her equipment of them. There could no longer be any doubt as to Germany's intention - she was set on re-armament come what may. The Cabinet had to act forcefully and with all due haste. The decision was reached that Germany should be warned not to act to wreck the Disarmament Conference or to menace peace and further that if she did not modify her position, it might be necessary for Simon to publicly reveal the demands at Geneva. At this second Cabinet, Elliot maintained his pressure for definite decisions and positive reaction instead of talking round the whole situation. He conveyed his anxiety in a letter to Katharine Tennant.

"Cabinet was rather woolly about our position vis-à-vis Germany. They keep deciding that Germany shall not be allowed to re-arm and considering how we can argue Germany into an

¹ Cab.52 (33) of 9 October 1933.

impossible dialectic position. All I keep saying (and I have said it now for five weeks and two Cabinets) is "What if Germany says 'be damned' to us? Do we swallow the insult, or stand in with France or what." That is what they have so far refused to say

Elliot's attitude towards the international situation was that more or less of the entire radical section of the Tory Party. The only real difference in foreign policy attitudes between Walter Elliot and men like Robert Boothby, Harold Macmillan and others was that whereas the latter group of M.P.s were backbenchers, Elliot was a senior Minister having to balance his personal convictions with departmental interests and the doctrine of collective Cabinet responsibility. From an examination of Cabinet Committee and private papers of the decade it is absolutely clear that Elliot and some of his later Cabinet colleagues principally Oliver Stanley, Duff Cooper and W.S. Morrison, were as opposed to certain elements of the National Government's foreign policy as those parliamentary dissidents outwith the Cabinet. Their pressure for a strong line was continuous from the mid-1930's and is evident noticeably in the Defence Policy Committee minutes as well as those of the whole Cabinet. Their anti-appeasement campaign did greatly intensify after the occupation of the Rhineland but the rumbles of their discontent were to be heard much earlier than that. Elliot's contribution to the discussion on the Disarmament Conference can clearly be seen as the opening shot in a long struggle by him and

¹ WE to Katharine Tennant 13 October 1933 in the possession of Baroness Elliot.

later in conjunction with other younger Cabinet members of similar persuasion for a better defined, more forceful foreign policy.

In the event, what happened after the second Cabinet meeting on the Disarmament Conference was that Simon made a strongly worded speech at Geneva on 14 October which was used as the excuse for Germany's immediately ensuing withdrawal not merely from the Conference but from the League of Nations as well. Disarmament continued to be a major item on Cabinet agenda with Chamberlain noting in his diary the "long and tedious discussions" held on the subject.¹ In the light of Germany's actions, the Cabinet had to consider how to achieve a greater degree of security against possible aggression. Elliot was extremely concerned with all aspects of foreign policy and defence and did not hesitate to assert his views both in Cabinet and in the Ministerial Committee on Disarmament which later became the Ministerial Committee on Defence Policy and Requirements.² His interest was not only personal for in 1933 he was appointed Chairman of the Advisory Committee on Trade Questions in Time of War set up in 1929 as a Standing Committee of the Committee of Imperial Defence. In May 1933, Elliot set up a sub-committee to examine the question of putting economic pressure in the form of sanctions on another nation in a situation not involving a formal declaration of war and secondly to ascertain to what

¹ NC Diary January 1934.

² Proceedings and memos of the Ministerial Committee on Disarmament Cab.27/504 - 11 DC (M) 32.

extent existing preparations could be adapted. Apart from Elliot who remained the Chairman of the main Committee until 1939, the Sub-Committee on Economic Pressure, which held sixteen meetings between May 1933 and March 1936¹, consisted of high ranking civil servants from the Foreign Office, the Board of Trade, and the Admiralty.

By January 1934, the major foreign concern was the possibility that Germany would take over Austria by subversion. The latter planned to appeal to the League of Nations but of course Germany had already walked out of the League and was therefore not there to answer the charge. Elliot's Sub-Committee on Economic Pressure had already produced in October 1933 a report on the problem of putting sanctions on Germany in a situation not involving the formal declaration of war.² The Committee had assumed that certain countries would cooperate while others would not. Its conclusion was that it was extremely doubtful whether it would be possible to take economic action against Germany which would be effective. Moreover, Britain and her Dominions would themselves suffer the reactions of the sanctions to a considerable and perhaps lasting extent. The Sub-Committee referred to the possibility of the League of Nations using economic pressure instead of just a few nations acting in concert and offered to prepare another report on this hypothesis if so desired. This offer was taken up by the

¹ Proceedings of the Sub-Committee on Economic Pressure Cab.47/8 A.T.B. (EP).

² CP 83 (34) of 30 October 1933 in Cab.24/248.

Cabinet and the Committee got to work on its task and produced a second document on 25 January,¹ the conclusions of which Elliot had already reported orally to the Cabinet.² It was thought extremely doubtful that a League of Nations boycott of Germany could be effective. It might be advisable to consider action through trade in the absence of agreement on stronger measures. The Committee felt, however, that economic pressure could not be effective without belligerent operations to enforce it.

The Cabinet began in late March a series of discussions on all aspects of security and defence. In the interval, that is during the month of February, the popularity of the National Government was at a low ebb. The first real sign of the Government's fall in favour had come in the astonishing East Fulham by-election of late October 1933 followed by the losses in the municipal elections of 1st November. The failure of the Disarmament Conference could well have been a contributory factor. The Labour Party blamed the Foreign Secretary for the estrangement of Germany and accused him of war-mongering. However it seems more likely that the major factors were housing and unemployment with of course the inevitable swing back to normalcy after the unique circumstances of the 1931 election.³ Since unemployment had peaked at 2.95 million in January 1933,

¹ CP 85 (34) of 25 January 1934 in Cab.24/248.

² Cab.2 (34) of 24 January 1934.

³ A.J.P. Taylor: English History 1914-1945 p.453/4.

the economy had shown signs of improvement but the atmosphere of recession lingered on and the Means Test rankled. To combat this discontent, the Cabinet held a series of meetings beginning in late January 1934 to defend the policies of the National Government. This did not prevent two very discouraging by-election results in February in Cornwall and North Portsmouth both of which were held by the Conservatives but with greatly reduced majorities.

Apart from this general air of discontent, speculation abounded on a Cabinet reconstruction. By February 1934, rumours of a reshuffle had come to a head. Most of the speculation centred on the unpopular Foreign Secretary, Sir John Simon. The Liberal National leader was unquestionably a brilliant man but totally unsuited to the Foreign Office. His demeanour was one which did not inspire confidence - it was a case, in the words of Ramsay MacDonald, of "here manners destroyeth the man."¹ A suave and aloof man, Simon had the inability temperamentally to give a strong lead when a difficult international situation arose. If he did suggest some form of action, it was often unwise and ill thought out and most of the time the Cabinet had to think things through without the benefit of a reasonable policy proposed by the Foreign Secretary. With the collapse of the Disarmament Conference and the uneasy situation in Europe generally, it was a particularly unfortunate time to have a man like Simon at the Foreign Office. Ramsay MacDonald had been

¹ RM Diary 23 October 1932.

obliged to appoint Simon to the post in order to balance the parties in the Cabinet formed after the 1931 election. The appointment had been widely disapproved. Malcolm MacDonald has recalled being "shocked" at his father's decision and there is no reason to doubt that many other politicians from all parties shared this attitude.¹ By early 1934, most if not all of the Cabinet were unhappy with the Foreign Secretary. Elliot and Ormsby-Gore's attitude was one of total despair and alarm. With others including Anthony Eden recently appointed Lord Privy Seal outwith the Cabinet, the "Boys' Brigade" prevailed upon Austen Chamberlain to discuss the situation with them at the beginning of February. The elder statesman shared their concern, as is evident in a letter to his sister relating the meeting with the young Conservatives.

"The fact is (and it's no use my pretending anything else to you) that Simon is a very bad Foreign Secretary. He has no policy, is very pleased with himself and wholly unconscious of the effect he produces on others."²

Apart from Simon, there was another Minister who had not been a conspicuous success, namely Sir Edward Hilton-Young. In his case he had been appointed to a Ministry, that of Health, about which he knew very little and spent much of time requesting guidance and assistance from the expert on these matters, Neville

¹ Malcolm MacDonald in conversation with the author, 16 August 1977.

² Austen Chamberlain to Ida 3 Feb. 1934. AC Papers 5/1/650.

Chamberlain. Moreover, in his parliamentary speeches he seemed to give the false impression of uninterest in his work instead of mere unfamiliarity.

Elliot was severely critical of some of the less energetic Cabinet Ministers. In an astonishing passage in a speech he made to the Constitutional Club on 13 February, at the very time that more senior Cabinet Ministers were embarking on the campaign to defend the Government's policies throughout the country, Elliot attacked the inertia of some of his colleagues.

"Unless Ministers will give a clear and vigorous lead they will be swept aside by any party which will give them the capable and vigorous lead for which they are crying."¹

This startling comment aroused considerable controversy, his subsequent attempts to explain it not being convincing. It was truly remarkable that Elliot should give such a public admonition. It was an illustration not only of his forthrightness but of his occasional indiscretion.

Elliot felt that a mere reshuffle of the Cabinet would not suffice to give inner energy nor to create confidence within the nation. He believed the best move would be to bring Lloyd George into the Cabinet. Lloyd George himself was aware that Elliot would not oppose his inclusion.² Elliot discussed this and other possibilities in a confidential talk on 21 February with his friend and frequent host, Waldorf Astor.³ Elliot

¹ Morning Post 14 February 1934.

² A.J.P. Taylor (ed.): Lloyd George: A Diary by Frances Stevenson (London: Hutchinson, 1971) p.254.

³ Astor to Garvin 23 Feb. 1934. Astor Papers MS1066/1.

favoured bringing Robert Cecil into the Cabinet to appeal to the strong peace sentiment prevalent in the country and to facilitate acceptance of re-armament. If Cecil was in the Cabinet, the Government would find it easier to deal with a foreign crisis for his lead would be followed by the League of Nations Union membership and his guidance more readily accepted by political opponents.

The rumours of an imminent Cabinet reshuffle reached a climax on 25 February with intense speculation as to the possible changes figuring in the Sunday press. It was widely believed that Simon would leave the Foreign Office and go to Home Affairs but there was no consensus on his successor with Hailsham, Halifax, and Eden being the names suggested. Other possibilities mooted were that Cunliffe-Lister, Collins and Betterton might be sent to the House of Lords while Hilton-Young was regarded as a candidate for the Governorship of Madras. At any rate Elliot, who lunched with Ramsay MacDonald that very day,¹ did not figure in any of the various conjectures - it was universally assumed that he would stay at his Ministry to complete his task of reconstructing the agricultural industry.

On 27 February, The Times dampened down the rumours by stating that while Cabinet changes were inevitable they were not imminent.² In other papers, however, new speculation appeared this time that the Cabinet was thinking of appointing a

¹ RM Diary 25 Feb. 1934.

² The Times 27 Feb. 1934.

Minister of Housing.¹ This, unlike the other rumours, had firm foundation as it was leaked to the Daily Mail by J.H. Thomas, after a discussion with the 'Big-Six' - MacDonald, Baldwin, Simon, Runciman, Chamberlain and Thomas himself. It was predictably Chamberlain who was behind the idea of establishing a Housing Department to take some of the work load off Health. He was furious with Thomas who, when accused of leakage, denied it and threatened resignation. Simon, too, who had been the victim of vicious press attacks over several days, was extremely distressed. The campaign against the Foreign Secretary ironically made his position more secure for the newspaper attacks made it almost impossible to shift him. Chamberlain recorded in his diary that the leaders of the three Cabinet parties were considering switching Hilton-Young to War to be succeeded by Kingsley Wood, and ousting Sankey with Hailsham taking his place at the Woolsack. Sankey, however, did not take the idea too kindly and said he would resign immediately. These were certainly difficult and unsettling days for the Cabinet.²

In the end, the rumours were quashed by an authoritative denial which appeared in the Daily Mail on 3 March following a meeting between Rothermere and Ramsay MacDonald.³ The Mail asserted there would be no Cabinet changes before late autumn. In the event, there was one change in July when Elliot's friend,

¹ The Daily Express and the Daily Mail 27 Feb. 1934.

² The source for most of this paragraph is Neville Chamberlain Diary 1 March 1934 and 28 Feb. 1934.

³ Daily Mail 3 March 1934.
Neville Chamberlain Diary 3 March 1934.

Oliver Stanley, succeeded Betterton at the Ministry of Labour upon the latter's appointment as Chairman of the Unemployment Assistance Board. Kingsley Wood, Chamberlain's special protégé since his time as Under-Secretary at the Ministry of Health from 1924-1929, was already in the Cabinet having entered it in January as Post-Master General. Those two changes were not just the only ones made to the Cabinet in 1934 - they were in fact the only alterations to the Cabinet membership made between the appointments including that of Elliot in September 1932 and those of June 1935 when Ramsay MacDonald resigned. At a time when fascism was taking root in some European countries while in others like France governments were constantly falling, the continuity in the British Cabinet stood out in sharp contrast.

Speculation about Cabinet changes did recur more than once before Baldwin took over but for the present it was at an end. There was, however, one development outwith the Cabinet that did not exactly help the cause of unity. Again, it was initiated by the dominating force in the Cabinet, the Chancellor of the Exchequer. Chamberlain was anxious to work out a policy programme for the period before the next election and for the election itself. He wanted it to be considered not by the whole Cabinet but just by the Conservative Ministers though he did not consider such an idea disloyal to MacDonald. Early in February, he had suggested the establishment of this Committee of Conservative Cabinet members to Baldwin who agreed but Chamberlain was left in no doubt that he would have to bring the matter up

again before action was taken.¹ In the meantime, he consulted some of his other colleagues including Elliot, Wood, Hailsham and Hoare. Chamberlain considered that the biggest question was what the future would hold for international trade which by this time had contracted to 33% of the 1929 level: would economic nationalism prevail or would there be a meaningful recovery in international commerce? Chamberlain asserted that "on the answer to this problem depends our policy in agriculture, in Empire relations and in international affairs."²

Chamberlain had, as he expected, to put further pressure on Baldwin who much to the former's astonishment consulted MacDonald before agreeing to a meeting of the Conservative Cabinet Ministers on 2 March for which Chamberlain drafted a skeleton policy programme on trade, defence, foreign affairs, education and social policy including a campaign to regenerate the national physique.³ Elliot did not attend the first meeting of the Cabinet Conservative Committee since he was speaking in Edinburgh. Hilton-Young too was fulfilling an engagement while Hoare and Cunliffe-Lister were indisposed. To those that did attend, however, Chamberlain, in his own words, "pretended that this was a joint effort with SB."⁴ The committee met on several subsequent occasions but its importance is difficult to gauge. Chamberlain, predictably, makes great play of it in his diary but it seems to have been primarily a vehicle for him to increase

¹ NC Diary 6 February 1934.

² NC Diary 17 February 1934.

³ NC Diary 28 February 1934.

⁴ NC Diary 3 March 1934.

his already considerable influence on policy development and his dominance over many of the less individualist Ministers. Some of his proposals, however, were incorporated at a later stage into the National Government's election programme.

Chamberlain played a prominent role in the Cabinet discussions on foreign policy and defence that began in the weeks that followed the rumours of reshuffle. The first meeting took place on 22 March.¹ The reality of the situation in Europe was that, while efforts were still being made to reach agreement on disarmament, Germany was re-arming and intended to carry on doing so no matter what. France was in a paranoically anxious state about this and sought from Britain a commitment amounting virtually to a military alliance. In view of the political and mental instability of France at this time and her provocative attitude towards Germany since Versailles, it was not surprising that even the Francophiles in the Cabinet shied away from such inextricable involvement. There were some Ministers, moreover, who wanted little or nothing to do with France at all. The atmosphere in the Cabinet was as usual not captured in the minutes which with few exceptions only recorded briefly and tersely the proceedings, often not mentioning which Ministers took which line.

Chamberlain, however, wrote about the meeting in his diary.² It is of course a very subjective account and full of self-congratulation but it does give an idea on how the lines were

¹ Cab.12 (34) of 22 March 1934.

² NC Diary 25 March 1934.

drawn in the Cabinet at this stage on matters of security and defence. It is in fact the only source to comment on Elliot's contribution at this important Cabinet meeting. Chamberlain recounts that Cunliffe-Lister, the Colonial Secretary, asserted that any further European commitments were impossible. Hitler's proposal of 10 year non-aggression pacts with his neighbours were reasonable and Britain should accept them leaving France to do as she pleased. British interests, he continued, lay in reaching agreement with Japan and avoiding commitments in Europe. Chamberlain noted that "somewhat similar suggestions came from Ormsby-Gore and Elliot and others made observations which seemed to me to miss the point." He had told his colleagues that to defy France and agree with Germany would not do anything for peace and would encourage France to take rash, drastic action. The options were for Britain to participate in security arrangements or face re-armament involving enormous expense. Chamberlain at this stage suggested examining the whole situation to determine how Britain could limit her liabilities. If the Cabinet was not prepared to consider some involvement, then there could be no peace based on security. The Chancellor indulged in fulsome self-praise at this contribution to the meeting, seemingly taking great pleasure in getting the better of Elliot and Ormsby-Gore.

"This allocution, I think the best thing I have ever done in Cabinet, had an overwhelming effect. Hailsham said he was in entire agreement. Baldwin said the same. Even Runciman seemed to accept what I had said and the 'Boys' Brigade' were silenced."

Elliot, despite this setback, was certainly not going to be "silenced" for long. The Cabinet referred the question of security including economic pressure and guarantees to the Ministerial Committee on Disarmament and agreed that for the purposes of this reference two Ministers not on the Committee should attend, Runciman and Elliot. The latter submitted to the second meeting he attended of this Committee¹ a one-page memorandum on sanctions, not in the capacity of Chairman of the Sub-Committee on Economic Pressure but as a concise statement of his personal views on the subject.² As it happened, the Ministerial Committee did not consider this memo but it gives historians valuable insight on his opinion of the use of sanctions. Elliot pointed out an aspect that should not be overlooked namely that the imposition of sanctions signified that those who took such action meant business, conveying to the would-be aggressor that it was just the first step. Elliot held that in severe cases, only the use of force could be effective but believed of sanctions that "as a preliminary to the use of force they are very strong measures not only for themselves but in what they foreshadow."

The Ministerial Committee on Disarmament met regularly throughout late spring and summer 1934 to consider defence issues including the formulation of a statement on air armament policy to be made to parliament. The original membership of this

¹ DC (M) 32 35th meeting 28 March 1934 Cab.27/506.

² Memo. by WE. 27 March 1934. DC (M) 32 96 Cab.27/510.

committee of the Cabinet set up in March 1932 had only consisted of the Chancellor, Foreign Secretary, First Lord of the Admiralty and the Secretaries for War, India, Dominions and Air with either MacDonald or Baldwin in the chair but after May 1934, most of the other Ministers began attending quite regularly. This coincided with the reconvening of the Disarmament Conference at which Britain's posture was one of sitting and listening without offering any constructive suggestions.

After attending two meetings in March, Elliot was absent for some weeks from the Committee and indeed from politics altogether due to illness. Upon his return, he found that the question under consideration was that of the proposed guarantee of Belgian independence. The Prime Minister suggested that Britain, France and Germany should seek to agree that the Belgian frontiers should not be crossed without common consent. Elliot doubted whether it was the right time to announce the guarantee of Belgian independence. He was of the opinion that Britain must undergo re-armament before any such declaration should be made. In that event, the psychological effect of such a statement would be very significant. Instead of entering a commitment to react if the act of aggression matched that described in a particular agreement, Elliot advocated that Britain should reserve her action as per Locarno. He asserted that she had always opposed the idea of drawing up a definition of aggression with automatic responses.¹ The following meeting

¹ DC (M) 32 48th meeting 11 June 1934. Cab.27/507.

reached agreement only that the defence of Belgium was of essential interest to Britain and this was subsequently publicly announced.

Another major question under consideration was that of naval re-armament. The Admiralty's attitude was that Britain should have the naval strength to meet any danger from Japan — she would in consequence be more than prepared for a potential conflict with Germany whereas should she re-arm only with a view to countering the German threat, she would not be adequately equipped to meet Japan. This argument was put forcefully to the Ministerial Committee on Disarmament by Monsell but was opposed by Chamberlain who challenged the whole conception of naval power, on the assumption that Germany was the more likely, more dangerous enemy.¹ Chamberlain, in a memo on the Report of the Defence Requirements Committee which had been set up to consider the position in the East, proposed the scaling down of Admiralty plans and advocated giving priority to air re-armament.²

The basic issue was which of Germany and Japan was the more probable aggressor — Elliot felt that the Foreign Office should consider this question earnestly. He asserted that whereas it was taken for granted that Britain would not have to fight Germany single-handed, the situation was quite different as regards Japan. It was obvious that Britain could not fight in the Far East alone but since it was quite likely that the United States would not become involved, Elliot suggested seeking an

¹ DC (M) 32 50th meeting 25th June 1934.

² NC Memo DC (M) (32) 120.

understanding with the Soviet Union. Baldwin pointed out that this suggestion involved a total change in foreign policy. Elliot, however, accepted the implications of his proposal, emphasising that the other option would be to bear alone the burden of a naval war. He believed that to send the fleet out to the East on its own would be calamitous.¹

Elliot did not attend the last meeting of the Cabinet Committee before the recess. Chamberlain put his case that capital ship construction should be stopped for the meantime on the basis that cost-wise Britain could not contemplate simultaneous war against Germany and Japan. The Committee, however, sided with Monsell in so far as retaining a margin vis-à-vis Japan was concerned, with Eden declaring his agreement with the First Lord of the Admiralty that Japan should be regarded as the prime danger. Baldwin advocated postponing any definite conclusions until after the next Naval Conference. In the meantime, a programme for 1935 could be considered in the routine way. This suggestion by the Lord President was accepted by his colleagues and thus the fundamental question of naval re-armament was duly shelved.²

Elliot's contributions to the discussions on defence strategy and re-armament exemplified his acute awareness of and interest in policy matters outwith his own department. He had no hesitation in speaking his mind on foreign and domestic

¹ DC (M) 32 51st meeting 26 June 1934.

² DC (M) 32 55th meeting 24 July 1934.

affairs. As far as the latter was concerned, the controversies surrounding the Unemployment Insurance Act, which had been Elliot's main domestic policy concern in 1933, had quietened down. In the autumn of 1934, however, the whole issue came to the forefront again. Throughout the summer, the Unemployment Assistance Board had met to formulate draft regulations as required by the Act. At the Cabinet meeting of 29 October, Oliver Stanley, now Minister of Labour, asked that these regulations be given the immediate, detailed consideration of a Cabinet Committee.¹ It was suggested that the Unemployment Insurance Policy Committee be reconvened for the purpose. In the event, it was reconstituted as the Unemployment Assistance Board Committee with virtually the same composition as its predecessor. Apart from Chamberlain in the chair and of course Stanley and Elliot, the other members were Sir John Gilmour, J.H. Thomas, Sir Godfrey Collins, Hilton-Young, Ormsby-Gore and Sir Kingsley Wood.²

Elliot's main objection to the regulations was the apparent injustice of the rent rule. He felt that slum dwellers in depressed areas paying low rents should not have their basic relief of 24/- per couple reduced on these grounds. Thomas too was very apprehensive of its potential political repercussions. Sir Godfrey Collins, the Scottish Secretary, had grave doubts about the regulations in general. Responsible for a country with more than its share of depression and unemployment, he shared with his radical colleagues Ormsby-Gore, Elliot,

¹ Cab.37 (34) of 29 Oct. 1934.

² Proceedings of the UABC: U.A.R. (34) Cab.27/575.

and the Minister of Labour himself the belief that the proposed rates of assistance were inadequate.¹ Relations between Stanley and the Unemployment Assistance Board were already strained by the time he and Chamberlain came to put to it the Cabinet Committee's objections to the rigidity of the proposed rent rule. The final draft of the regulations as it was presented to parliament incorporated a modification of the rent rule and the regulation whereby large families suffered reductions. It also included three provisos to the effect that the assistance must not exceed normal earnings, that the Board would have wide discretionary powers to vary the relief according to particular circumstances and that it would be able to cater for special, perhaps urgent needs, like clothing.

The emotional arguments put forward in committee in favour of more generous rates of relief by Elliot and his progressive colleagues did not endear them to others with more practical outlooks. Tom Jones, a member of the Unemployment Assistance Board, wrote to Baldwin of his disappointment with Elliot's behaviour, saying that there was "little or nothing to choose between his methods and the worst Clydesider."² Chamberlain too was critical of the tactics employed by some of his colleagues. He believed their attitude amounted to saying that the relief rates should be such that nobody would receive less than they had from the Public Assistance Committees with of

¹ U.A.R. (34) 4th meeting 26 November 1934.

² Tom Jones to SB 30 Nov. 1934. SB Papers vol 169.

course the Treasury paying the bill. He felt that these critics were despite the concessions still frightened of the political effects of the regulations. Chamberlain, on the other hand, remained fairly confident, believing that "if the nettle is grasped boldly there is nothing to fear."¹

In fact, in the early stages it looked as though Chamberlain's interpretation would be vindicated. The regulations were issued on 11 December and received a fairly good press. They were laid before the House of Commons six days later and while Labour made the expected noises about the inadequacy of the relief rates, the general reception was good. Certainly there was at this point no indication of the fierce opposition that would build up throughout January leading to a crisis in early February. In December it looked very much as if the scheme would be enacted as planned with the Board taking over on 7 January from the P.A.C.'s responsibility for those in the transitional category with 1 March as the second appointed day when it would take over the charge of all other able-bodied unemployed from local authorities.

In December, there was much unrest within the Cabinet with internal speculation about and intrigue towards a Ministerial reshuffle. Chamberlain's diary provides the fullest account of these developments. Divisions over social policy did not help the cause of Cabinet unity but the main factor was the resurgence of discontent with and manœuvres against Sir John

¹ NC to Hilda 9 Dec. 1934. NC Papers 18/1/898.

Simon at the Foreign Office. The Government's popularity had fallen recently as proven in by-election results. The Chief Whip, David Margesson, felt that one of the major reasons was discontent with the Foreign Secretary and believed that he must be removed. This would be facilitated by a general reconstruction with a reduction in the number of posts within the Cabinet. Margesson's candidate to succeed Simon was Neville Chamberlain. MacDonald and Thomas, however, thought that impossible with the former saying that the only option would be for he himself to take the job. Margesson immediately reported this to Baldwin and Chamberlain.¹

On 4 December, Chamberlain was summoned by MacDonald to discuss the matter. The Prime Minister felt that although there was discontent at the Government's foreign policy, it was not directed specifically at Simon and there was no real desire for a Cabinet reshuffle. Later the same day, Margesson and Chamberlain got together - the Chief Whip seems to have been the leading conspirator against Simon. Margesson asserted that MacDonald did not fully appreciate the opposition in the Commons to the Foreign Secretary and asked for the Chancellor's consent to press for a reshuffle. Chamberlain was in a difficult situation since he was the proposed replacement for Simon although he himself was not at all keen on moving to the Foreign Office. He agreed, however, that Margesson should sound out the opinions of the younger Cabinet members like Stanley and Elliot,

¹ NC Diary 3 Dec. 1934 NC2/23A.

observing that "if anything was to be done it might perhaps come better from the younger than from the older men."¹ The Chief Whip did indeed consult Elliot and Stanley along with others including Cunliffe-Lister, Monsell and Sir Kingsley Wood - all of them were keen for a change.² As a result, a special meeting with Baldwin was arranged.

In the event, however, the meeting did not take place. On the day before it was due to be held, Chamberlain informed Baldwin that he would not go to the Foreign Office during the present Parliament. Sir Samuel Hoare's outrage that the younger Ministers and the Chief Whip were discussing Cabinet changes, a matter which in no way was their business, was another factor in Baldwin's decision not to meet the dissidents en masse - if they wanted to talk it must be individually.³ As had happened nine months earlier, the intrigue and speculation simply faded away. The renewed calm, however, would not last for long.

The first ten weeks of 1935 produced a major domestic crisis for the National Government. The fears of possible social and political repercussions over the new unemployment assistance regulations, held by some of the Cabinet particularly Elliot, Stanley, and Collins, were vindicated. In the days immediately following 7 January, the first appointed day when the Unemployment Assistance Board took over responsibility for the transitional

¹ NC Diary 4 Dec. 1934.

² NC Diary 11 Dec. 1934.

³ NC Diary 13 Dec. 1934.

category, a storm of protest swelled against the inadequacy of the relief rates. It was only now fully apparent that the Board's scale of assistance would render many unemployed worse off than they had been when under the Public Assistance Committees. The root of the trouble was that P.A.C.s in certain areas had been more lax in their application of the household means test than others and had, particularly in the depressed areas, taken full advantage of their discretionary powers. M.P.s were besieged with complaints and public demonstrations took place almost daily.¹

Elliot found himself having to defend the regulations to his constituents at the annual meeting of the Kelvingrove Unionist Party on 15 January. He admitted that the new rates would mean less for some but pointed out that had the local authorities continued to be responsible, the city rates would have had to be increased and thus no one would have benefitted in the long run. He asserted furthermore that the transfer of the responsibility for unemployment assistance to the state was a most significant step towards providing those out of work with the best conditions while at the same time offering the best chance of getting them back to being employed. Elliot did however label the Government's measures as "salvage schemes" and "ambulance schemes" declaring that the real priority was to increase employment.²

¹ Bentley Gilbert: British Social Policy 1914-1939 (London: Batsford, 1970) p.184. See p.182-192 for a concise discussion of the deliberations of the U.A.B.

² Glasgow Herald 16 Jan. 1935.

The storm burst a fortnight later on 28 January when parliament reassembled after the Christmas recess. Such was the uproar in the Gallery of the House that it had to be cleared. On the floor, too, there were noisy scenes with the Clydesiders leading the Socialist outcry. The following day, Labour moved unsuccessfully to report progress with a view to getting the operation of the Board's scale of relief suspended pending the establishment of appeal tribunals. Oliver Stanley found himself in the unenviable position of having to defend arrangements over which he officially presided but which he did not control. He was, frankly, unnerved by the virulence of the opposition to the regulations. It so happened that the Cabinet was at this time preoccupied with foreign affairs, in particular the aftermath and implications of the Saar plebiscite. As a result, it paid little heed to Stanley's predicament other than to agree to his request that the committee which had scrutinised the regulations be reconvened to help him deal with the difficult parliamentary situation.¹

The Cabinet Committee met in secret session on 31 January and 4 February.² The decision to announce a standstill was not formally made within its portals but was made in the heat of the moment without any other consultation by Stanley and Neville Chamberlain.³ Stanley made his statement to the House of

¹ Cab.6 (35) of 30 Jan. 1935.

² U.A.R. 6th and 7th meetings 31 Jan. 1935 and 4 Feb. 1935. No minutes were recorded. Cab.27/575.

³ Cab.8 (35) of 8 Feb. 1935.

Commons on 5 February - the U.A.B. scales would be suspended in certain cases: pending reconsideration of the whole matter, an applicant for relief would get relief according to the Board's rating or that of his previous P.A.C., whichever was the larger amount.¹ The following day, the Cabinet Committee met again to discuss procedure. It was agreed that the Government had to make a statement recognising that local authorities would have to be compensated in respect of the fact that the Unemployment Assistance Board would not now be taking over responsibility for the remaining able-bodied on 1 March.

Oliver Stanley, who was Elliot's most intimate Cabinet colleague, was profoundly shaken by the furore the regulations had caused and his own consequent unpopularity. A further blow was to come: on the morrow of the standstill announcement, the Government suffered a stunning defeat in the Wavertree by-election. The circumstances were admittedly peculiar with Randolph Churchill standing as an Independent and splitting the Conservative vote letting the Labour candidate through the middle. The defeat was seen, however, as partly attributable to the débâcle over unemployment relief. It did therefore not help the state of mind of the unfortunate Minister of Labour. Cuthbert Headlam noted that Stanley was near to nervous collapse and "in the depths of despair as a result of his first setback."²

In the circumstances, Stanley offered his resignation but

¹ 5 Feb. 1935, 297 H.C. Deb. 5s cols 971-2.

² Cuthbert Headlam Diary 8 Feb. 1935 D/He 31.

MacDonald turned it down on the grounds that his departure would imperil Conservative cooperation in the Cabinet.¹ Stanley went to see Chamberlain to discuss the issue on 13 February having talked inconclusively about it with MacDonald. The Minister of Labour asserted that the Government could not make another error of judgement over assistance rates. He felt that he might have to ask for changes so far-reaching that the Cabinet would not endorse them, leaving him with no alternative but to resign in circumstances damaging to the Government. He therefore believed it would be better to resign immediately on the grounds that he had lost the confidence of the House. Chamberlain, however, felt that to resign at this stage might damage Stanley's personal political reputation as he would be charged with failure. It would not help the Government either, rather would the Cabinet be accused of making Stanley the scapegoat. On the other hand, if after a review of the regulations there were as Stanley predicted irreconcilable differences between himself and the majority of the Cabinet, then each side could put forward their arguments and he could resign with dignity. In this way the Government would be less damaged than if there was further disruption at this stage.² For all that Chamberlain was frequently exasperated by the argumentativeness and irrepressibility of Stanley and the rest of the progressive bloc in the Cabinet, he too had been unnerved by the force of protest against

¹ RM Diary 9 Feb. 1935. PRO 30/69/8/1.

² NC Diary 13 Feb. 1935.

the regulations. Legislation to effect the standstill and cancel the second appointed day was quickly put through parliament. Three months later, the Minister of Health introduced a bill to compensate local authorities for their retention of responsibility for poor relief. The regulations would not reappear until June 1936 after a complete overhaul and several fractious discussions in the Cabinet.

In February 1935, the fortunes of the National Government were once again at a low ebb. The storm of protest against the assistance regulations damaged its popularity and combined with the shock result in the Wavertree by-election led to the resurgence of rumours about a Cabinet reshuffle. The speculation and the public discontent were greatly increased by the re-emergence from relative political inactivity of Lloyd George who in January amid much publicity had produced a 'new deal' programme for the nation. In a speech at Bangor, he outlined his policies which were, in essence, a revised edition of previous programmes, chiefly 'We can conquer unemployment.' The main proposals covered agricultural reconstruction, the control of the Bank of England, the formation of a small inner Cabinet of 5, and the establishment of a Development Council with representatives from industry, commerce, finance and labour to plan schemes for housing, roads, and the reconstruction of the depressed industries.

The timing of these proposals could scarcely have been more inopportune for the National Government. The 'new deal' seemed full of promise in sharp contrast to the apparent meanness and

economic narrowmindedness of the National Government. Whatever its merits, the Lloyd George programme constituted a further threat to the Government's popularity. There was already a pro-Lloyd George faction in the Cabinet. On the other hand, most of the senior Ministers were to varying degrees opposed to any suggestion of his inclusion in the Cabinet and saw the turn of events as no reason to change their views. Neville Chamberlain, who had an intense political and personal dislike for Lloyd George, refused for one minute to contemplate sitting in the same Cabinet with him.¹ Baldwin, although at first willing to at least consider working with him, on reflection decided that notwithstanding any electoral advantage, the inclusion would disrupt the Cabinet. This was also the conclusion of the Big Six when it met on 7 February.

That weekend, the Sunday papers were full of rumours of Cabinet reconstruction. In addition to Wavertree, the regulations débâcle and Lloyd George's spanner in the works, there was a general impression that the Government lacked energy and direction.² After discussions between MacDonald and Baldwin as well as meetings of the Big Six, it was decided that pending Baldwin's succession there would be no Cabinet changes. It was decided however that it was politically expedient to at least respond to Lloyd George's initiative and to at least appear to be giving serious consideration to his policy programme.

¹ NC Diary 28 & 29 Jan. 1935.

² John Simon: Retrospect (London: Hutchinson, 1952). Diary entry 14 Feb. 1935.

The General Purposes Committee was to undertake its consideration. It was basically the formalisation as a Cabinet Committee of the Big Six - MacDonald, Baldwin, Chamberlain, Thomas, Simon and Runciman. It had been Chamberlain who had suggested towards the end of January the appointment of a committee to consider broad policy questions. He believed that membership should not be confined to the Big Six but should also include some other Ministers, perhaps Hailsham, Wood and Stanley.¹ MacDonald at first preferred that only the Big Six should sit on it. Chamberlain however felt that while the danger of jealousy would be lessened, that of encouraging a split between the older and younger Ministers would not. He then came up with a solution acceptable to the Prime Minister - that Hailsham be a member as the representative from the Upper House while the Committee be empowered to invite any of their other colleagues to attend any meeting where their presence was considered worthwhile.²

Accordingly, at the Cabinet meeting of 30 January 1935 MacDonald had proposed the setting up of the General Purposes Committee.³ It was given a hostile reception in some quarters notably by Cunliffe-Lister, Wood and Elliot, the latter's arguments failing to impress MacDonald.⁴ To Chamberlain "it was evident that the younger members have been talking things over among themselves." From his protégé, Kingsley Wood, the Chancellor learned that Cunliffe-Lister, the Colonial Secretary,

¹ NC Diary 24 Jan. 1935.

² NC Diary 29 Jan. 1935.

³ Cab.6 (35) of 30 Jan. 1935.

⁴ RM Diary 30 Jan. 1935. PRO 30/69/8/1.

was the leader of those Ministers who felt that the Government's economic strategy was wrong.¹ Despite resentment at the inner Cabinet appearance and terms of reference of the Committee, its establishment was approved. It held twenty-five meetings in all.² After the first eight, it dealt almost exclusively with a memorandum it had invited Lloyd George to submit setting out his unemployment proposals. In early April, Lloyd George was invited in person to attend a series of meetings to discuss his programme. Since agriculture was the major topic, it was hardly surprising that Elliot was asked to participate too - he attended three of the six meetings and in addition held private talks with Lloyd George outwith the Committee.³

At first it seems that Lloyd George was confident that his proposals would make an impact on the Cabinet, feeling that he could exert powerful influence over some of its members.

"L.G. is getting under the skin of the Government, by trying to split it. Hore-Belisha is with L.G. He knows he can smash the Minister of Health. He can smash the Minister of Agriculture to bits, and Oliver Stanley and Lady Maureen Stanley are going down to lunch at Churt on Sunday. That is not a bad wedge into the Government."⁴

As the talks went on, however, Lloyd George realised that the Government was merely toying with him, keeping him out of mischief. That this was indeed so is evident from Chamberlain's diary.

¹ NC Diary 30 Jan. 1935.

² Proceedings of General Purposes Committee. G.P. (35) Cab.27/583.

³ These meetings on agriculture are dealt with in Chapter 7.

⁴ Colin Cross (ed.): A.J. Sylvester: Life with Lloyd George (London: Macmillan, 1975). Diary Entry 5 March 1935.

His attitude towards the memo on unemployment was one of contempt, asserting it to be a document of picturesque exaggeration, alluring promise and false perspective.¹ Chamberlain, however, was well aware of the political capital Lloyd George might make out of his proposals and therefore had believed he should be invited for talks. At no time was there any hope of Lloyd George receiving an unprejudiced hearing. Chamberlain drew up a strategy of discussing the memo on a friendly basis but keeping Lloyd George guessing with the Cabinet representatives reserving all their fire for the memorandum to be drawn up after the talks were over.²

Apart from agriculture, the General Purposes Committee discussed the proposals relating to coal, housing, town planning and transport as well as the machinery of the proposed National Development Board and inner Cabinet. In response to Lloyd George's decision to publish a revised document, the Committee drew up and published a reply which amounted to a summary dismissal of his proposals. Lloyd George tried to salvage some political glory. Early in July, he set up the Council of Action for Peace and Reconstruction as his intended instrument for attracting all-party support. This had little impact, however, and never unduly worried the National Government which by this time had recovered much of its popularity after the Jubilee celebrations and the succession of Stanley Baldwin as Prime

¹ NC to Ida 30 March 1935. NC Papers 18/1/911.

² NC Diary 5 April 1935.

Minister.

By June 1935 when Baldwin took over from MacDonald, foreign policy had become the major preoccupation of the National Government and was to remain so right up until the outbreak of the Second World War. The first few weeks of 1935 had been a time of great anxiety over developments abroad. The major worry concerned Germany's rapidly increasing military potential. After discussions with French Ministers, a joint communiqué was issued advocating a general settlement with Germany including an air pact. In response, Germany requested talks with Britain. The decision to accede to this and to send the Foreign Secretary to Berlin was made on 19 February by the Ministerial Committee on Disarmament, now called the Defence Policy and Requirements Committee.¹ The visit was postponed by Hitler after the Government's publication on 4 March of a White Paper on defence policy in which it expressed the realisation that disarmament was not any nearer and that in consequence Britain had to improve and re-equip her defence. It attacked too the unauthorised re-armament of Germany. Simon's trip was nearly cancelled again this time by Britain after Hitler's announcement on 16 March of the reintroduction of conscription.

Elliot had not been present when the original decision that Simon should go to Berlin was taken although he was by now a full Member of Cabinet Committee on Defence Policy and Requirements.

¹ DC (M) (32) 60th meeting 19 Feb. 1935, Cab.27/508.

He made his feelings known, however, to his colleagues during Cabinet discussion of the attitude that should be taken at the Berlin talks. He asserted that the crucial question was whether or not Germany would rejoin the League of Nations. If Hitler was invited to return to discuss his grievances and he refused, that declared Elliot would be tantamount to a declaration of aggression. In that event, he believed a meeting of the Council of the League should be convened.¹

The Berlin talks achieved nothing except perhaps to re-emphasise the fact that Germany was re-arming rapidly and would continue to do so regardless of objections from other nations. It was her considerable expansion of air power that particularly disturbed the Cabinet. At the Stresa talks in April, Britain, France and Italy expressed a readiness to enter into a convention to limit air re-armament. The Cabinet however had to take immediate further steps to increase Britain's own air potential. Throughout 1934, there had been repeated assurances from the Government that the German air force was nowhere approaching the British level. The Air Ministry's estimates were, however, wildly inaccurate. Hitler told Simon in Berlin that parity had been attained, this statement being related to Parliament. This vindicated all the warnings sounded by Winston Churchill and his colleagues. The whole question of air defence was urgently considered by the Defence Policy Requirements Committee. As long ago as March 1934 Baldwin pledged that British air power

¹ Cab.16 (35) of 20 March 1935.

would not be inferior to any nation within striking distance. The Cabinet Committee agreed that another statement should be made asserting the Government's intention to take the necessary measures to maintain this position. Elliot, however, felt that it must first be considered just what was a reasonable estimate of what could be achieved. He was concerned that the Government might make a pledge it might subsequently find itself unable to fulfil for practical reasons and that this could have serious implications.¹

The pledge that parity would be maintained was inevitably and irretrievably breached. Although the German expansion rate slowed down, it proved impossible for Britain to catch up or even arrest the increasing German lead despite the resolve and drive of the National Government. The Air Ministry was inevitably the target for criticism and blame. Certainly, it had got its calculations of German air power and expansion potential hopelessly wrong but at a time of tight control of the Government purse strings and of hopes of disarmament, it had fought an unremitting battle to increase the strength of the air force with Londonderry as Secretary of State pleading his department's case in Cabinet. It was somewhat ironic that having for years asked for more and more from a reluctant Cabinet, he was castigated for not asking for sufficient. Londonderry, however, brought about his own downfall. Instead of taking advantage of the new facts and pressing for an immediate response from the

¹ DC (M) (32) 61st meeting, 30 April 1935 in Cab.27/508.

now gravely concerned Cabinet, the Ministry and its Minister attempted to justify their past actions and denied Hitler's air parity claim.

Baldwin admitted to the House of Commons on 22 May that the Cabinet had been misled by official under-estimates of the rate of German Air expansion and asserted that the blame must not be taken by any individual Minister or department but by the entire Government. This confession, delivered in typical Baldwin style, brimming with candour and honesty, was received extremely well by his supporters in the House. It did not, however, represent a declaration of confidence in Londonderry whom he removed from the Air Ministry a fortnight later upon becoming Prime Minister.

Baldwin made several other Cabinet changes. He had the difficult task of removing the obvious weak links while retaining the party balance and thus preserving the façade of a coalition. He put his Cabinet making problems to Tom Jones in the following terms.

"It's the balancing which is such a nuisance. Most would agree that Jimmy Thomas ought to go, but then Ramsay clings to him and he must therefore be kept on."¹

The question facing Baldwin regarding Simon was not whether he should be moved but where to. Simon's Cabinet colleagues had lost all confidence in him as Foreign Secretary and in April a group of 70 M.P.s had protested against his continued tenure

¹ TJ to Lady Grigg, 1 June 1935, TJ Diary 1931-1950 p.149.

of that office.¹ The obvious Ministry to switch him to was the Home Office. In consequence, Sir John Gilmour was dropped from the Cabinet and given a peerage. He was joined in the Upper House by Hilton-Young, the ineffective Health Minister who was succeeded by Chamberlain's protégé, Sir Kingsley Wood. Londonderry became Lord Privy Seal and was succeeded at Air by Cunliffe-Lister who was in turn succeeded at the Colonial Office by Malcolm MacDonald. Oliver Stanley was relieved of the Ministry of Labour which went to Ernest Brown, Liberal National M.P. for Leith. Stanley succeeded Halifax at Education with the latter moving to the War Office to replace Hailsham who took over the Lord Chancellorship from Sankey who left the Cabinet. Apart from Brown and MacDonald, there were three other new Cabinet members, namely Eustace Percy as Minister without Portfolio, Anthony Eden as Minister for League of Nations Affairs, and the Marquis of Zetland who succeeded Hoare as Secretary of State for India upon the latter's appointment as Foreign Secretary. Elliot was one of seven Ministers not to move, the others being Chamberlain, Thomas, Runciman, Monsell, Ormsby-Gore and Collins despite speculation that the last named would retire and get a peerage.²

Baldwin's Cabinet was to prove far less stable than its predecessor with more Ministerial changes in 2 years than there had been in the previous four. It broke up for the summer

¹ J.A. Cross: Sir Samuel Hoare (London: Jonathan Cape, 1977) p.185.

² Daily Express 20/21 May 1935. Economist 1 June 1935.

recess on 31 July with the intention of resuming in October. Mussolini's designs on Abyssinia, however, and the increasing estrangement between Italy and the League of Nations necessitated the Cabinet's resumption in August. The Government acting with the French tried unsuccessfully to mediate. On 11 September, the Assembly of the League of Nations met to consider the matter, with Hoare and Eden representing Britain. Hoare made a brilliant speech, reaffirming Britain's belief in the League and in collective security as the best means of maintaining peace. He seemed to reflect the mood of the country as indicated by the answers to the Peace Ballot announced in June and enhanced not only his own reputation but also that of his country in European diplomacy. Undeterred, Mussolini's troops invaded Abyssinia on 3 October.

In the meantime, the Cabinet anticipating the invasion, had been discussing the question of sanctions. The Advisory Committee on Trade Questions in Time of War reported as requested by the Cabinet on the forms of economic and financial restrictions that could be applied in this case.¹ Elliot as Chairman was directly involved in this matter in a way that he was not as Minister of Agriculture. He had, however, at this stage played little part in the Cabinet deliberations on Abyssinia. He was not on the Cabinet Committee that considered the problem which in any case was mainly discussed in conference between Baldwin,

¹ Cab.44 (35) & 45 (35) of 2 & 9 October 1935.
CP 186 (35).
A.T.B. 22nd meeting 3 Oct. 1935 in Cab.47/1.

MacDonald, Chamberlain, Simon and Hoare. Elliot's personal opinion was that MacDonald and Simon's silence at Stresa had encouraged Mussolini to believe that he need not fear the repercussion of an attack against Abyssinia, ostensibly as revenge for Adowa.¹ He saw the situation as the crunch test for the validity of collective security as a viable principle.²

Baldwin decided to take electoral advantage of the boost given to the Government's popularity by Britain's stance at Geneva. Despite the fact that the unemployment figures for August were under two million for the first time since 1930, the Cabinet took the conscious decision to keep social and economic issues well in the background. As early as August, Chamberlain had begun anxiously searching for a vote-winning issue that would keep public attention away from the Government's failure to solve the problem of unemployment and the distressed areas. He came up with that of defence with a view to "turning the Labour party's dishonest weapon into a boomerang", this being a reference to Labour's warmongering charge against the National Government.³ Chamberlain was Chairman of the Cabinet Committee set up to make recommendations as to the items to be included in the Election Manifesto.⁴ Their Report listed nine areas of policy in the order the Committee recommended that the manifesto proper should deal with them. Domestic policy was way down the list with agriculture dividing it from foreign and defence policy

¹ Colin Coote: Companion of Honour p.181-2.

² Glasgow Herald 11 October 1935.

³ NC Diary 2 August 1935.

⁴ Proceedings of Govt. Policy Committee, Cab.27/591-2.

at the top. The nine items in order were League of Nations, the Defence programme, Imperial policy, Export Trade policy, Agriculture, Employment, Special Areas, Social Reform and Scotland.¹ The Cabinet approved this order on 23 October, the same day as it was announced that the General Election would be on 14 November.² Chamberlain was primarily responsible for drafting the manifesto which was written in general terms, without any detailed commitments on issues like defence and the unemployment assistance regulations.

The campaign was hard fought with rowdy scenes in several constituencies including those of the two MacDonalds and J.H. Thomas. Elliot too had a rough time in Kelvingrove. There had been speculation that he was leaving for a safer seat but this he had firmly denied on more than one occasion.³ As Minister of Agriculture, Elliot was the target for noisy heckling on food prices. The fact was that Kelvingrove was a marginal industrial constituency with no farming within its borders except as he himself once remarked in window boxes on the sills of tenements. The constituency did include a sizeable middle class area around Glasgow University but it had too in Anderston one of the worst slum areas in a city where in the autumn of 1935 unemployment was over 35%. Elliot rarely managed to complete a speech throughout the campaign, having on one occasion, after trying in vain for two hours to deliver his speech, to fight his way to the

¹ CP 193 (35).

² Cab.48 (35) of 23 October 1935.

³ Glasgow Herald 14 June 1935 & 8 October 1935.

exit.¹ After two recounts and an amazing episode in which a ballot box was discovered uponed after the first count had been made, Elliot was declared elected by just 149 votes over Labour's Hector MacNeil with Rae, the only Liberal candidate in Glasgow, coming a poor third.²

The National Government won the election easily with 435 M.P.s to the Opposition's 180. Baldwin set about making further Cabinet changes. Despite Chamberlain's protestations, he retained both the MacDonalds and Thomas. Ramsay MacDonald, defeated at Seaham, stayed on as Lord President while his son, who had been defeated at Bassetlaw, changed offices with Thomas so that the former became Dominions Secretary while the latter went to the Colonial Office. There seems to have been argument and dramatic scenes between Baldwin, Chamberlain, Ramsay MacDonald and Thomas before the appointments were settled. Thomas refused to become Lord Privy Seal and resented leaving the Dominions Office, blaming his troubles on Elliot's meat policy and not on his bad relationship with Dominion leaders made worse by his coarse manner.³ MacDonald had told Baldwin that he would only stay on if his son and Thomas were kept in the Cabinet too. Thomas however asserted he was double-crossed by MacDonald since he had approved the switch of offices with Malcolm MacDonald. Baldwin certainly had a fraught time.⁴ The only other change

¹ Daily Express 7 November 1935.

² The Glasgow Herald is the best source for coverage of Elliot's campaign.

³ RM Diary 20 November 1935.

⁴ NC Diary 20 & 21 November 1935.

was that Duff Cooper entered the Cabinet as Secretary of State for War in succession to Halifax who became Lord Privy Seal with Londonderry being dropped much to his indignation.

The appointment of Duff Cooper, a close friend of Elliot's, strengthened the voice of the younger Tories in the Cabinet. Duff Cooper with Stanley and Elliot formed in later years the nucleus of the anti-appeasement group in the Chamberlain Cabinet.¹ The events of December 1935 served to cement the unity and conviction of the three colleagues. A few days after the General Election, the League of Nations imposed economic sanctions against Italy. There remained the question of an oil embargo. The Foreign Office took the view that such an action would lead to war whereas its main objective as to Italy was to cultivate Mussolini as an ally against Germany. Sir Samuel Hoare, the Foreign Secretary, decided to take the whole Abyssinian affair into his own hands. His appointment in June had been regarded with profound misgivings by the younger members of the Cabinet.² Indeed, Ormsby-Gore had gone so far as to implore Baldwin not to make Hoare Foreign Secretary, asserting that "if you do, we are lost electorally, and worse may befall in Europe, and the League."³ Hoare's behaviour in December 1935 justified their misgivings when he and his French counterpart, Laval, drew up proposals for the partition of Abyssinia which were more favourable to Italy

¹ W.S. Morrison who succeeded Elliot as Minister of Agriculture in October 1936 was a fourth member of this group.

² Malcolm MacDonald in conversation with the author, 16 August 1977.

³ OG to SB 31 May 1935. Baldwin Papers vol 47.

than anything ever considered by the League. Presented with a fait accompli, the Cabinet reluctantly approved the submission of the proposals to the League. Their disclosure in the French press, however, caused an absolute furore.

The Cabinet at first tried to ride the storm on the grounds that the proposals were put forward merely to get the views of Italy, Abyssinia and the League and that the Government had recommended them only for that purpose. It soon became clear, however, that nothing short of a complete denunciation would abate the growing political tempest. Within the Cabinet itself, Elliot, Stanley, Ormsby-Gore and Duff Cooper had been aghast at the Hoare-Laval plan from the beginning and pressed The Times lobby correspondent, Elliot's friend Colin Coote, to strongly oppose it.¹ They determined that Hoare must resign. Duff Cooper saw Chamberlain on 17 December to inform him that such a demand would be made in Cabinet the following day. Chamberlain was indignant, telling his colleague that it would be improper and unprecedented to demand the resignation of a colleague in his absence, for Hoare was confined to his house following an injury sustained in Switzerland on holiday after his cataclysmic talks with Laval.²

The affair did indeed come to a head at the Cabinet meeting of 18 December. Hoare did not attend but had sent Chamberlain a copy of the speech he proposed to make to the Commons the following day in which he defended his policy as the best possible

¹ Tom Jones Diary 14 January 1936.

² NC Diary 17 December 1935.

in the form of a negotiated settlement although no longer acceptable to the British Government and therefore to be contemplated no further. The intended speech which Chamberlain relayed to the Cabinet also cast doubts on the dependability of French assistance in the event of war resulting from the imposition of oil sanctions. Kingsley Wood and Oliver Stanley were first to voice their apprehensions, asserting that the Cabinet would not endorse such a speech. Cunliffe-Lister, now Lord Swinton, felt that Hoare should speak on his own behalf, in other words from the backbenches. Thomas agreed, saying that the whole affair would end after such a personal post-resignation speech. Elliot too supported this idea but wondered if the speech should be moderated. All in all, the majority of Ministers felt that Hoare must resign, with Halifax making the point that unless the Foreign Secretary resigned, the whole moral force of the Government would be undermined.¹

Hoare resigned that same afternoon and spoke from the backbenches the following day. In the same debate, Chamberlain made a brilliant speech which effectively blunted the Opposition's criticism. The Hoare-Laval plan was dead and buried. Elliot tried to be objective about it in a letter to his friend Jan Smuts. He explained that Hoare had gone further than anyone had anticipated but that his colleagues in the Cabinet felt unable to repudiate the proposals at the outset, particularly since the

¹ Cab.56 (35) of 18 December 1935. The minutes of this meeting were separately recorded and are in Cab.23/90B. See also NC Diary 18 December 1935.

French press had immediately given the gist of them. The Government had felt obliged to reach an agreement with Italy, aware of Britain's military weakness and also that of France.¹

Hoare was not destined for a long stay on the Government backbenches. He had the considerable advantage of having Chamberlain support his recall to the Cabinet as soon as possible. Indeed, as early as February 1936 Chamberlain was manœuvring to get the man who was later to become his closest colleague back into the Cabinet. For some time, as foreign affairs and the question of national security became increasingly dominant, Baldwin had been thinking of creating the post of Minister of Defence. His first thought was to appoint Chamberlain himself but the Chancellor refused to be moved and immediately began canvassing support for Hoare. It was Margesson, the Chief Whip, who first suggested Elliot. Baldwin however refused to consider him, asserting that Elliot had to stay at Agriculture.² Elliot himself had very strong feelings on the matter and conveyed to Baldwin that he would resign if Hoare was made Chairman of the Committee of Imperial Defence.³ Eden too was horrified at the prospect, declaring to Baldwin that Hoare's appointment would make things difficult for him, the new Foreign Secretary.⁴ In the end, it was Hoare himself who decided the issue by making a maladroit speech on defence on 9 March. A few days later,

¹ WE to Smuts 30 December 1935, Smuts Papers vol 53 letter 24.

² NC Diary 19 February 1936 & 8 March 1936.

³ Norman Rose: Baffy, the Diaries of Mrs. Blanche Dugdale 1936-1947 (London: Vallentine, Mitchell, 1973) p.6.

⁴ NC Diary 8 March 1936.

Sir Thomas Inskip was appointed Minister for the Co-ordination of Defence. Hoare was however promised the Admiralty in the near future once Monsell had gone to the House of Lords.

The question that had brought about Hoare's downfall in December, that of the fate of Abyssinia, still figured quite highly on the Cabinet's agenda in the first few months of 1936. After much discussion, the Cabinet finally agreed on 26 February to support the imposition of an oil sanction against Italy. Runciman and Monsell recorded their dissent.¹ Despite endless talks at Geneva, however, no oil sanction was introduced. Attempts at negotiated settlement failed also. Finally, in May, resistance in Abyssinia totally collapsed leaving Italy in full control. The Cabinet sought to make an honourable withdrawal from a lost cause. It was agreed that the continuation of sanctions was a futile exercise but Ministers were divided as to when the restrictions should be removed. Elliot was one of those who opposed immediate unilateral withdrawing of sanctions.² Chamberlain was exasperated by the Cabinet's procrastination and brought matters to a head by making an intentionally 'indiscreet' speech to the 1900 Club on 10 June in which he declared that sanctions should be lifted immediately, that collective security had failed and that henceforth the League's functions should be limited to those which accorded with its actual powers.³ A few days later, Eden told the Commons that Britain would propose

¹ Cab.11 (36) of 26 February 1936.

² Cab.40 (36) of 29 May 1936.

³ The Times 11 June 1936.

the abolition of sanctions at the next Council meeting. This announcement was met with charges of defeatism and treachery and led to a censure debate on foreign policy at the end of which Harold Macmillan and Vyvyan Adams voted against the Government.

Three months earlier, the Government had in a White Paper reaffirmed its belief in the League and collective security only to have it put to the test a few days later by an event which overshadowed the Abyssinian question, the invasion of the Rhineland. The Cabinet met almost every day during March 1936 to discuss what to do, in the knowledge that public apathy and military deficiency made it difficult to contemplate doing very much. Moreover, despite outward appearances to the contrary, there was every reason to doubt that France was prepared to join in any military response. Unlike Abyssinia, there was never any question of military or economic sanctions. The Council of the League meeting in London resolved merely that Hitler's action had broken the Versailles and Locarno Agreements and invited him to negotiate new security arrangements. In response, Hitler talked of 25 year non-aggression pacts but then did not reply to requests for more detailed proposals. By this stage, Rhineland was regarded as a *fait accompli* and another lost cause.

In retrospect, the invasion of the Rhineland can be seen as the first step along the path that led to the Second World War. For Elliot, it was a most important turning point in his political career. Elliot took the view that peace and liberty

were not brought about by apathy or extreme tolerance but had to be worked for.¹ He pressed in vain for a stronger response to Hitler's challenge and for concerted action with the French. This was perhaps unrealistic but in the years that followed, Elliot was to reproach himself for not resigning over the Rhineland.² Twice more in the years before the outbreak of war, Elliot came close to resignation. The first occasion was at the time of Eden's departure from the Cabinet in February 1938.³ Elliot and others including Stanley and Morrison were sympathetic to Eden but despite pressure from friends such as Colin Coote, Elliot stayed on. The second occasion was at the time of Munich when it seemed that Elliot would follow the lead of his close colleague, Duff Cooper. In the end, however, Elliot once more failed to resign. Duff Cooper himself advised Elliot not to go for his intention was not to wound the Government by more than a personal resignation.⁴ It was however the fact that he had stomached Rhineland that prevented Elliot's resignation in September 1938 more than anything else. As Minister of Health at the time of Munich, he was only too well aware of the total unpreparedness of civilian defence. He felt he had as a member of the Cabinet to share the blame for the failure to adequately re-arm. However humiliating the Munich terms

¹ Walter Elliot: "Peace, War and Liberty," Birkbeck Oration given 12 December 1934 (London, 1935).

² Colin Coote: A Companion of Honour p.152.

³ Ibid., p.156 and Blanche Dugdale Diary 21/22 February 1938.

⁴ Viscount Norwich: Old Men Forget (London: Rupert Hart-Davis, 1953) p.242.

were, they had to be accepted given the weakness of the British and French forces.¹ Elliot felt obliged to stay in the Cabinet where at least he could have some influence in trying to rectify the military deficiency while at the same time pressing Chamberlain to take a forceful line on foreign policy.²

Elliot's apparent indecision and recurrent writhing over resignation undoubtedly did him great political harm. He was regarded as not having the courage of his convictions, criticising and threatening but always in the end swallowing Chamberlain's policy of appeasement and proving in Chamberlain's own words "a weak brother in a crisis."³ Perhaps this more than anything else explains why Elliot was cast off into the political wilderness by Winston Churchill.

Elliot's actions, however, can be interpreted in a very different way. He was simply not a resigner and for absolutely honourable reasons.⁴ The fact was that Elliot felt if he were to resign one day, he would not be able to influence perhaps more crucial decisions the next. At the time of the Rhineland invasion, there were very good reasons in this respect quite apart from European affairs why Elliot should not resign. After all, his great work as Minister of Agriculture was not yet completed.⁵

¹ WE to Blanche Dugdale, 7 October 1938 in Colin Coote: A Companion of Honour p.163.

² For the best coverage of Elliot's attitude in Cabinet to foreign policy 1936-1939 see Maurice Cowling: The Impact of Hitler; Ian Colvin: The Chamberlain Cabinet; Keith Middlemas: The Diplomacy of Illusion.

³ NC Diary 19 February 1938.

⁴ This view is taken by Malcolm MacDonald as discussed in conversation with the author, 16 August 1977.

⁵ Elliot's agricultural policy in 1936 is dealt with in Chapter 7.

There was of course a close connection between agriculture and defence policy in so far as adequate food supplies were essential in time of war. Elliot in fact felt so strongly on this score that he took it upon himself to appoint a secret committee with representatives from his own Ministry and the agricultural departments for Scotland and Northern Ireland to consider the problem of food production in time of war.¹ Its report included a plan to step up food production by ploughing up grassland. In May 1936, its work and its report was taken over by the newly appointed Committee of Imperial Defence Sub-Committee on Food Supply in Time of War chaired by Inskip with Elliot as one of its members. This Committee was responsible for drawing up plans for wartime production, storage and rationing based on certain assumptions including the estimated duration of the dislocation of food supplies and the extent of the decrease in imports that would be occasioned by war.²

Apart from his responsibility as Minister of Agriculture, Elliot had another more emotional reason for pulling back from resignation. As long as he was in the Cabinet, he could try and exert his influence on the future of Palestine.³ Since the controversial White Paper of October 1930 and its subsequent modification, Jewish immigration to Palestine had continued on

¹ K.A. Murray: Agriculture (H.M.S.O. & Longmans, Green, 1955) p.48.

² Proceedings of the Food Supply in Time of War Committee are in Cab.16/156.

³ Best source for Elliot's attitude on Palestine is Norman Rose: The Gentile Zionists (London: Frank Cass, 1963).

an unprecedented scale. In May 1936, the Cabinet appointed another Commission in response once again to Arab riots. Elliot alone fought against this move, interpreting it as a concession to violence. Throughout the 1930's, Elliot leaked details of Cabinet discussions on this matter to leading Zionists, through his friend, Blanche Dugdale. In June 1937, two weeks before its publication, he went as far as to show her a copy of the Peel Report at a secret midnight meeting at the Savoy.¹ Elliot in fact supported the Commission's recommendation of a tripartite division of Palestine. He fought in vain for such a policy to be taken up and developed in face of the Foreign Office opposition which led ultimately to another Commission nicknamed the 'Repeel Commission' which in October 1938 came out against partition without recommending any alternative. By this time of course the European situation was demanding all the Government's energy and attention and as a result the British mandate in Palestine continued until after the Second World War.

On the home front, Elliot's desire to continue to exert his progressive influence on social and economic policy discouraged thoughts of resignation from the Cabinet on foreign policy. The Establishment was only too well aware and apprehensive of the challenge of the progressive, expansionist opinion within the Cabinet as illustrated by a remarkable memorandum early in 1936. The Committee of Economic Information had been asked to prepare a guiding report on the probable trend of unemployment

¹ Norman Rose p.134.

over the next ten years for the Unemployment Insurance Statutory Committee which was revising the scheme's finance. The ensuing report was a pessimistic one, estimating that the unemployment average over the following decade would be in the region of $15\frac{1}{2}$ - $16\frac{1}{2}$ %. Chamberlain's Principal Private Secretary, Donald Fergusson, sent a memorandum to his chief putting the Treasury view that the report should not be circulated to the Cabinet. It felt that the CEI had put the figures too high and that its reservations would be ignored. Fergusson went on to say that it would be a pity to circulate an erroneous conception "especially as it may lead to agitation on the part of eg. Lord Eustace Percy, Walter Elliot etc. for grandiose schemes to relieve a situation which will probably not prove so serious as the EAC suggest." Chamberlain agreed that circulation to the whole Cabinet would be "most dangerous" but favoured showing it confidentially to the service Ministers in respect of its bearing on the defence programme.¹

One of the two Ministers mentioned by Fergusson resigned from the Cabinet two months later. Lord Eustace Percy had been appointed Minister without Portfolio in June 1935. His resignation in March 1936 was due to various factors including his

¹ Fergusson to NC 6 January 1936 and NC to Fergusson 7 January 1936, Treasury Papers T161/717/540500. I am indebted to Dr. Rodney Lowe of Herriot-Watt University for passing on this reference. As a footnote it is interesting if somewhat ironic that Fergusson was appointed by Elliot two months later to succeed Howell-Thomas as Permanent Under-Secretary at the Ministry of Agriculture and Fisheries.

disapproval of the line taken over the Rhineland invasion and the conservatism of the Government's social and economic policy. The main reason, however, seems to have been that he was not given anything important to do. His withdrawal depleted the numbers on the Cabinet Committee which was to undertake the consideration of the new regulations proposed by the Unemployment Assistance Board to liquidate the standstill arrangements of February 1935. The Committee's composition had been altered twice by Baldwin since his succession as Prime Minister. The progressive trio of Elliot, Stanley and Ormsby-Gore were dropped under the second revision. With Percy's resignation from the Cabinet, the Committee's numbers went down to six. Then in May came J.H. Thomas's resignation after a tribunal had been set up to investigate Budget leaks. This left Chamberlain as Chairman with Simon, Collins, Wood, and Brown. These five Ministers, together with Ramsay MacDonald who put in the occasional appearance, met five times in May and June 1936,¹ and produced a report for the consideration of the whole Cabinet.² The report was discussed at two lengthy sessions on 25 June and a further two on 29 June. All the old differences of opinion came to the surface again with the political and economic arguments put forward being extensions and revisions of those which had preceded the ill-fated regulations of December 1934. Cabinet proceedings were for once fully minuted for which historians interested in what

¹ Proceedings of the Cabinet Committee on the U.A.B.'s regulations: U.A.R. (34) Meetings 12-16 in Cab.27/575.

² CP 172 (36) in Cab.24 series.

was the major social policy issue of the decade must be truly grateful.

Chamberlain told his Cabinet colleagues at the first session on 25 June that they must realise that the Government would again be criticised when the regulations were issued since the revised proposals would still involve a reduction in benefit in some cases. He maintained, however, that if anything the relief rates were too generous, increasing assistance to danger level, that is that which discourages employment. In general, the Public Assistance Committee standard was lower than that now under consideration. Chamberlain stressed that those living in areas which had been extravagant, ignoring the Means Test in some cases, would be the ones to suffer a reduction in benefit. There was also a problem with Scotland where hitherto there had been no discrimination between those under and over the age of 21 whereas the new proposals would introduce such a dividing line as at present operated in England and Wales. Chamberlain opposed attempting to get over a Scottish difficulty by creating bigger problems in the rest of the country. Collins and Elliot, however, took a very different view.

Sir Godfrey Collins, Secretary of State for Scotland, had fought a single-handed campaign in the Cabinet Committee for a more generous scale of benefit and for concessions in response to circumstances north of the border. In the absence of success, he carried this fight on to the whole Cabinet, putting his views forward in a memorandum.¹ Under the Standstill arrangements,

¹ GC memo, CP 179 (36) in Cab.24 series.

56% of the uninsured unemployed in Britain and 70% in Scotland were receiving assistance according not to the Board's regulations but to the transitional payment scales which in their case were the more generous. Collins stressed that the new regulations would be judged by public opinion not by comparison with those abandoned in January 1935 but in contrast to the Standstill arrangements and certain pledges made at the November 1935 General Election. In the Cabinet discussion, Collins warned of the political reaction that would occur if it seemed that the new regulations involved benefit reductions and that Election promises had not been fulfilled.

Elliot endorsed and extended the national and Scottish arguments put forward by Collins. He spoke as a Scot and as a progressive, critical of the Cabinet's restricted response to the social and economic implications of unemployment, in particular its inadequate recognition of regional differences. He agreed with Collins that in the Commons and elsewhere the regulations would be compared not with their predecessors but with the relief given under the Standstill. In the distressed areas, some unemployed would suffer a reduction in assistance. As regards the proposed discrimination between those over 18 but under 21, and those over 21 which would be unprecedented in Scotland, Elliot declared that had he told his constituents at the last General Election of this and other measures he would not have been returned to Parliament. Extremists would inevitably oppose the regulations but Elliot believed that even moderate opinion would reject them. He could foresee serious political

repercussions even to the extent of riots. He accepted that some cuts were inevitable but believed that the new regulations went beyond what could be considered fair and reasonable. Finally, he asked his colleagues to consider having the whole problem re-examined with a view to differentiating between the distressed areas and the rest of the country.¹

The Cabinet adjourned after Elliot had put forward his argument but met again later the same day to continue its consideration of the unemployment assistance regulations. Oliver Stanley made a long contribution, seconding Elliot's view that the whole matter should be looked at again. He believed the problems had arisen from producing one set of relief rates whereas social and economic conditions varied enormously throughout the country. Stanley felt that figures should have been produced to show the effect the regulations would have on certain areas. It was not certain which way some of the Government supporters would vote after discovering the effect the proposals would have on their constituents. Malcolm MacDonald was in total agreement with Stanley that figures, if only rough calculations, should be worked out indicating the effect of the regulations on those areas where reductions would result. He agreed too that opposition from Government M.P.s was a very real danger since although the new proposals were an improvement on those of December 1934, they were still inadequate and liable to be rejected once more. Ormsby-Gore too supported Stanley and stressed that next to foreign policy

¹ Cab.44 (36) of 25 June 1936.

the question of unemployment assistance aroused the keenest interest and in consequence the regulations would be studied in minute detail.

After the months, even years, spent considering the whole question it is hardly surprising that the argument put forward by the progressive group that it should be re-examined with a view to providing for regional differences did not go down too well with their other Cabinet colleagues. Inskip took the view that if the new regulations would prevent starvation and allow a decent life then they should be accepted and defended by the Cabinet. Lord Hailsham agreed. He felt that there was bound to be some trouble no matter what but believed that if the Cabinet were content that the regulations were just and humane then it should stand firm on them regardless of the consequences.¹

There was then a fundamental split in the Cabinet over the new regulations between those who felt that since on the whole they were more generous than those proposed eighteen months previously, they should be accepted and their more radical colleagues who felt most strongly that the new rates were still inadequate and failed to take account of regional differences. The Cabinet adjourned in order that Chamberlain could report the differences in opinion to the Unemployment Assistance Board, two members of which would be asked to attend the next meeting of Ministers. Chamberlain himself was irritated by the attitude taken towards the new regulations by some of his colleagues. He noted that "once again the timid ones Oliver Stanley, Walter

¹ Cab.45 (36) of 25 June 1936.

Elliot, G. Collins & M. MacDonald are arguing against them."

He believed that what they really wanted was a continuation of the Standstill arrangements.

"Their arguments lead only to the logical conclusion that we should leave things as they are but they daren't advocate that & confine themselves to further minor concessions which would conciliate no one but would weaken our position & add to the cost."¹

That Chamberlain had little respect for the judgement of his younger colleagues, whom he felt had naïve and unrealistic political conceptions and a tendency to respond too readily to political pressures, is put beyond all doubt by one telling sentence in a letter to his sister commenting on Ormsby-Gore's appointment as Colonial Secretary in succession to J.H. Thomas that "we are not very fortunate in our young men."²

The Cabinet discussions of 25 June were reported in the press the following day, notably in The Times which suggested that some Ministers thought certain provisions inadequate.³ This press leakage was discussed at the next meeting of the Cabinet on 29 June before it continued its consideration of the regulations. Oliver Stanley repeated his doubts that the question had been examined from every angle and sufficient statistics drawn up. He supported the Scottish argument put by Collins and Elliot and felt that some concessions should be made. He asserted that he did not seek concessions so as to

¹ NC Diary 28 June 1936.

² NC to Hilda 1 June 1936, Chamberlain Papers 18/1/963.

³ The Times 26 June 1936.

obtain public acquiescence to the regulations but because he genuinely sympathised with those who would suffer reductions in assistance. With Lord Rushcliffe, Chairman of the Unemployment Assistance Board, in attendance together with his Deputy-Chairman, Sir Ernest Strohenger, Elliot took the opportunity to repeat his objections to treating those in the 18-21 age group as a separate category. It was not present practice in Scotland and if adopted would result in widespread reductions in present assistance. Strohenger was not convinced. He argued that the Scottish local authorities had been too generous and spoke against picking out individual items for criticism.¹

This particular issue was however resolved at the second Cabinet Meeting held later the same day. Chamberlain announced his willingness to amend the proposed earnings rule relating to the household means test. Adults would be able to retain not the first 14/- but 16/- of their earnings plus half of the remainder, the minimum amount they were to be left with being £1. Into this category would fall all those over 18 living in the family home. Those under 18 would retain 12/- and half of any income left. There would, despite objections from the representatives of the U.A.B., be no third category of those between 18-21. This major concession was a victory for Collins and Elliot. The former, however, was not so fortunate in his efforts to have the rate of relief given to single persons in lodgings increased from 15/- to 17/-. Chamberlain insisted that his figure be accepted as standard with the Board having discretion

¹ Cab.46 (36) of 29 June 1936.

to raise it in individual cases. Collins declared that the amount was too little and asked whether it would be politically wise to publicly assert that the needs of a single man living in lodgings could be met for 15/-. The majority of the Cabinet however agreed with the Board that 15/- was enough and endorsed the provision for the Board to alter it in individual cases, rejecting the case for regional differentiation put by Oliver Stanley who had earlier obtained a concession increasing the period allowed for the liquidation of the Standstill arrangements by the various areas.¹

At Chamberlain's suggestion, perhaps to dispel any possibility of further objections from the critics of the regulations, Stanley was reinstated as member of the Cabinet Committee now charged with preparing a draft White Paper. The new regulations were issued on 9 July. The real difference between them and those of December 1934 was that they provided for infinitely more discretionary and exceptional payments. The basic standard of relief remained the same but allowances brought the actual assistance given up to a higher amount than that provided for in the ill-fated regulations of eighteen months before. The improvement both in substance and in the flexibility did in no way, however, placate the Labour Party which remained immutably opposed to the principle of a means test. The debate on 21 July on the new regulations was in fact the longest continuous sitting since 1881, lasting some thirty-six hours. Debates on

¹ Cab.47 (36) of 29 June 1936.

unemployment in the 1930's always provoked bitter argument and often heated scenes. This proved no exception with the suspension of three members of the ILP during the course of the debate. The superior numbers of the Government however provided a massive majority. The new regulations subsequently came into force with arrangements to liquidate the Standstill working out as planned. On the first appointed day, 16 November 1936, those in the old transitional category were brought into line, with the rest of the able-bodied unemployed following on the second appointed day, 1 April 1937.

The major social policy debate of the 1930's was over. After months of argument in Cabinet Committee, Cabinet, and Parliament the new national assistance scheme that Elliot had played an important role in formulating at last began to function smoothly. Whatever the inadequacies of the actual regulations, the establishment of unemployment assistance on a national basis must be hailed as a great achievement by the National Government and as a milestone along the way to the welfare state as we know it today. It was the most tangible feature of the growth of planning and state intervention of the 1930's which represented the psychological and physical foundations on which the social and economic revolution of the 1940's was built and accepted.

In September 1936, Sir Godfrey Collins died leaving vacant the office of the Secretary of State for Scotland. Chamberlain persuaded Baldwin to appoint Elliot as his successor. After four years at the Ministry of Agriculture it was time for a

change but Elliot was very reluctant to go to the Scottish Office¹ for although technically a promotion, the move was very definitely one away from the public limelight and the mainstream of policy-making. Indeed, it was precisely for this reason that Chamberlain pressed for the appointment. Since Elliot entered the Cabinet in the autumn of 1932, his persistent intervention in Cabinet discussions of matters outwith his own department had as we have seen irritated the Chancellor. Chamberlain too had had many a long wrangle with Elliot over the funding of the latter's radical agricultural measures. After four years, Chamberlain had become uneasy at Elliot's political judgments and would have been in his own words "nervous about him in one of the English offices,"² fearful of his potential influence in a department, like the Ministry of Labour. Collins' death, therefore, presented Chamberlain with the opportunity of getting Elliot shifted at least for a couple of years to a relatively obscure office and one from which few leaders have emerged.

In his four years as Minister of Agriculture, Elliot had used his position to bring considerable influence on many important policy aspects, taking a progressive Tory line on both foreign and home affairs. His major contribution in those years,

¹ Geoffrey Dawson to Nancy Astor 2 Nov. 1936.
Nancy Astor Papers M.S. 1416/1/4/82.

² NC to Hilda 31 October 1936. NC Papers 18/1/983.
This letter is officially closed to historians until 1986 as it refers to events leading to the Abdication.

however, was his sterling departmental work. After four years in office, Elliot had totally transformed the state of British agriculture.

Chapter 5.The Problems of British Agriculturea) The State of Agriculture in 1932

Agriculture in Britain in the autumn of 1932 was in desperate straits, its future severely threatened by the price collapse which followed the economic crisis of 1931. British agriculture had been in a state of continuous decline since the 1870's, undermined by the importation of refrigerated meat and prairie grain. With Britain being the major world market for agricultural produce, successive laissez-faire governments showed little concern for the fortunes of its own farmers. The advent of war in 1914, however, brought a dramatic change in attitude for, with the dislocation of trade, home food production was now at a premium. Among the Ministries set up in war-time was one for Food, this being in addition to a new department of food production attached to the Board of Agriculture. The Corn Production Act of 1917 guaranteed cereal prices for six years and thereby stimulated production. The drift from the land was also arrested by the introduction of a minimum wage for the farm labourer.

At the end of the war, the Coalition Government's declared agricultural policy was to increase home production and to protect farmers against sharp market fluctuations. In line with this, the Agricultural Act of 1920 re-enacted on a revised basis guaranteed wheat and oat returns to the home producer.

Within a year, however, prices had fallen to such a level due to over-supply that the subsidy required was enormous. Instead of fulfilling its obligation, the Coalition Government reneged and repealed the guarantee provision and scrapped the Agricultural Wages Board and the guaranteed minimum wage. The cereal farmer and the labourer were simply cast adrift. British agriculture as a whole in 1921 seemed to have been abandoned once more to its fate. In the following eight years, successive governments did however enact some measures of assistance. The Labour Administration of 1924, by empowering county agricultural committees to fix wages, improved the position of the farm labourer. The Conservatives acted to give rating relief and finally total derating to agriculture and improved credit and mortgage facilities for the farmer. There were measures too to encourage settlement on small holdings. Finally, and with the most significance for the future, although the idea of a general subsidy was rejected, one branch of agriculture was singled out for special attention: the British Sugar (Subsidy) Act of 1925 subsidised sugar beet production for ten years in the hope of nurturing the nascent industry to a position of self-sufficiency.¹

Government aid to agriculture in the 1920's was at best sketchy but, with prices levelling out around 1929, the decade, although a difficult period for farmers, was not desperately so.

¹ For a more detailed account of agriculture in the First World War and the 1920's see C.S. Orwin: A History of English Farming (London: Thomas Nelson, 1949) p.82-89, and S. Pollard: The Development of the British Economy 1914-1967 (London: Edward Arnold, 1969) p.134-136.

The ensuing economic crisis, however, produced a devastating fall in prices as cheap imported supplies flooded the British market while tariff barriers went up elsewhere. The home producer found himself confronted with a price level that did not even assure him of his minimum replacement requirement let alone a profitable return. The years of the slump, however, brought about a revolution in the agricultural policy thinking within all the major political parties. Addison's Agricultural Marketing Act of 1931 heralded the opening of a new era in which the state would take positive steps to protect its agricultural industry. The Act provided for the drawing up of producer marketing schemes which would become operative if approved by Parliament and endorsed by at least two thirds of the producers involved. Each marketing scheme, which once approved would be compulsory, was to incorporate a producer-elected board with specified powers which could include control by purchase or regulation of all sales of the commodity concerned and the right to negotiate prices with the distributors.

The traditionally independent and individualistic farmers had in the 1920's begun to appreciate the potential benefits of organised cooperation in negotiations with distributors. Most of their post-war voluntary schemes, however, failed mainly due to undercutting and the fact that the distributors themselves were highly organised. The Permanent Joint Milk Committee set up by the National Farmers' Union in 1922 was one such experiment in cooperation that was undermined in this way and became

ineffective as prices plunged. It seemed that some aspect of compulsion would be necessary to ensure the effectiveness of organisation but Addison's Agricultural Marketing Act, however, which incorporated this provision found little favour with the N.F.U. for the Act did not touch on the question of imports: it seemed futile for home producers to embark on schemes of compulsory combination if imports were not regulated and thus could undermine a price structure at will.¹

The National Government came to the assistance of the wheat grower early in 1932 with the passage of the Wheat Act which guaranteed prices to home producers, the difference between the standard price and the guaranteed price being funded by a levy on all flour most of which was milled from foreign grain. For the most part, however, the fact that Britain had to import so much of her foodstuffs meant that apart from balancing the interests of the home consumers and the home producers, the government had to consider external factors: the potential political and economic repercussions of action against imports circumscribed at all times the scope of possible state aid to British agriculture. A major consideration was Britain's special trading relationship with her Dominions and Colonies. In February 1932, the National Government had taken a major step along the protectionist road with the Imports Duties Act but despite agricultural protests, the general tariff imposed did not apply to major foodstuffs nor was it applicable to imperial goods pending the Ottawa Conference

¹ P. Self & H. Storing: The State and the Farmer (London: Allen & Unwin, 1962) p.89.

which was to be held in July and August. The outcome of this Assembly was to have major implications for Britain's trade and agricultural policy for many years to come.

From start to finish, Britain put forward weak, unprepared arguments against the demands made in Ottawa by her increasingly nationalistic Dominions. The seven-man British delegation had sailed without any clear policy. J.H. Thomas had wanted to lead and told Malcolm MacDonald to tell his father that he, Thomas, would resign unless he got his wish.¹ Chamberlain was horrified at the prospect. He would have liked to lead himself but as a compromise suggested to Baldwin that he lead and take both Chamberlain and Thomas.² The other four were Runciman, Gilmour, Cunliffe-Lister and Hailsham. In Ottawa, the British delegation found itself faced with Dominion leaders determined against compromise. In particular, the Australian delegation proved intransigent. Britain's only success was to fight off Australian pressure for a meat duty on foreign supplies. Apart from that, she made concessions everywhere else. What emerged was several agreements all weighted in favour of the Dominions. They agreed to increase the preference accorded to British manufactured goods but by raising the tariffs against foreign supplies rather than by reducing the burdensome duty on British products. In return, Britain agreed to several measures which would benefit Dominion producers. Britain promised to impose new or higher duties on foreign imports and to put quotas on

¹ Malcolm MacDonald in conversation with the author, 28 July 1977.

² NC to Hilda 27 Feb. 1932. NC Papers 18/1/772.

foreign meat supplies, controlling their import for 5 years. There was to be no quota put on Dominion meat till July 1934 at the earliest while there was to be no import duty before mid 1936. As for dairy products, there would be no duty or quota on Dominion supplies before August 1935. In addition, an understanding was reached whereby the Dominions were to get an increasing share of the British meat market.¹

Scarcely was the ink dry on the Ottawa Agreements when it became apparent just how onerous the commitments would be to Britain. In the autumn of 1932, British agriculture was rocked by something unforeseen at the time of Ottawa. As a result of the unprecedented saturation of the meat market by excessive supplies, wholesale meat prices collapsed to such an extent that there was a very real prospect of a total collapse of the nation's livestock industry, the major branch of farming in Britain. The Government found its freedom of action to come to the assistance of its home producers very severely restricted indeed by the Ottawa Agreements. It was faced with an unprecedented and totally unexpected crisis with access to the natural remedies of tariff and import control blocked by pledges given a few months previously in a very different economic climate.

British agriculture in the autumn of 1932 needed a saviour, a Minister who could rescue the industry from its perilous position and give it hope for the future. He would have to

¹ For an excellent, detailed account of the Ottawa Conference see chapter 6 of Ian Drummond: Imperial Economic Policy 1917-1939 (London: Allen & Unwin, 1974).

balance the interests of the home producers with those of the Dominions and Britain's foreign trading partners. He would have to pay heed to the imperialists, free-traders and orthodox economists in the Cabinet. In the reshuffle which followed the resignation of the Samuelites against the Ottawa Agreements, the man who was given this formidable task was Walter Elliot.

b) Elliot's Philosophy and Agricultural Objectives

The most fundamental principle of Walter Elliot's philosophy was his belief in extensive social and economic planning to develop the 20th century state. Elliot was a pragmatist, taking the view that problems should be dealt with as they arose and that individual treatment should be accorded to each issue but always with the guiding principle of working towards a planned economic structure. Elliot believed in the Corporative State. Corporatism, however, cannot be simply defined for it is not one single unified doctrine but has many forms. Elliot's version was a variation on étatiste corporatism which owed much to his Fabian years at Glasgow University when he first considered non-socialist collectivism. Elliot advocated monopolistic self-governing industries, each an organic entity based on the cooperation of everyone involved, and functioning in partnership with the State.¹

Elliot was only too aware that Britain was in transition between two eras. He was profoundly concerned as to what kind of nation would emerge. He observed the changes in political and economic life that were taking place with the central feature being the increasing role played by the state. Elliot believed that the new conditions of the 20th century demanded state organisation which at all times recognised the importance of independence and initiative. It required courage and

¹ The best source for inter-war Corporative thinking in Britain is Nigel Harris: Competition and the Corporate Society (London: Methuen, 1972) p.48-74.

determination.

"We must not be afraid. Production, industry, government, citizenship itself, all have to be recast, or restated in the idiom of our own time."¹

Elliot believed the classic liberalism of the nineteenth century was out of date. State intervention in economic development was not an accident but was "in obedience to a very definite necessity."²

As Minister of Agriculture, Elliot sought to apply his theories of economic planning to the nation's least organized, most individualistic industry. He believed that in the new circumstances of population stagnation and economic and political nationalism, organization was imperative for the future of British agriculture just as it was for other industries. It seemed to Elliot that British agriculture in 1932 was dying from a surfeit of liberty.³ He advocated the progressive Conservative remedy, in the words of R.A. Butler, of organizing this and other industries "within a framework of organized liberty."⁴ Elliot held very definite views on the 20th century phenomenon of economic nationalism. He saw it as a symptom of the development of the planned State. The industrial and economic problems of the age could more easily be resolved in smaller areas rather than on an international basis.

¹ WE in his Aberdeen University Rectorial Address 18 January 1934, one of his most lucid expositions of his political philosophy.

² The Times 25 June 1934.

³ WE in "Whither Britain" broadcast, see The Listener 28 March 1934.

⁴ RAB to Brabourne 20 June 1934. Brabourne Papers.

Elliot regretted the disintegration of the international economic organisation which looked to be emerging during and after the First World War. The post-war trend of diversification of production, growth of secondary industries, and the consequential sharp increase in trade competition and rivalry had caused a correlative transformation in national outlook. To Elliot it was indisputable that those living under an autarchic regime felt socially and economically more secure especially in times of depression than those living under a non-totalitarian government. A democracy like Britain, to combat the insecurity caused in the main by the high rate of unemployment, had to develop itself into a more cohesive unit with which its citizens could more easily identify while at the same time coordinating with other nations to evolve an economic structure to suit the changed circumstances of the twentieth century. Until a world economic organization became a feasible prospect, Britain must seek to perfect its own national organisation then work with those nations with common interests.¹

Elliot had been very much involved with a body that had tried to encourage economic organization on a wider basis than that of one nation. Indeed it was in the course of his involvement in the late 1920's with the Empire Marketing Board now all but defunct that Elliot developed a major tenet of his agricultural economics namely that the answer to the 20th century phenomenon of glut caused by over-production was a quota policy

¹ Aberdeen Rectorial Address, 'The Endless Adventure' (London: Allan, 1934).

applied to imports or home production or to both. Just as it seemed obvious to use quantitative control in times of scarcity to prevent consumer starvation, so it seemed to Elliot that such a method could be applied in times of abundance to prevent the bankruptcy of producers. Elliot's analysis of the phenomenon of glut was derived from his interpretation of the circumstances which lay behind the current problems of international trade.

"The whole thing is the bringing to birth of the XXth Century which is a century of glut as against the XIXth which was a century of shortage. Similarly, the XIXth was a century of equipment; the XXth is a century of production. The ant-like continuous industry of man in the XIXth century was a temporary phenomenon which will not be repeated."¹

Elliot's belief in quantitative regulation was an integral part of the fundamental principle that would underly his agricultural policy, that was the necessity to organise the home producers so as to bring efficiency and stability to a fluctuating industry. Elliot's chosen method was to promote the establishment of producer marketing boards. In other words, he intended to build on the foundation of the Agricultural Marketing Act of 1931 put through by the second Labour Government. As a farmer himself, Elliot was well aware of the temacious individualism that was prevalent in British agriculture but the marketing schemes he advocated were not to be imposed by the state and ruled from Whitehall but were to be brought forward and run by the producers themselves. As a further development, Elliot

¹ WE to Jan Smuts 27 October 1932. Smuts Papers vol. 49 Letter 34.

advocated what he termed the Method of Contract, that was the partnership of producer and distributor working together to stabilise supply with demand.¹

Elliot was absolutely convinced that marketing schemes could only succeed if accompanied by the regulation of all imported foodstuffs whether from the Dominions or foreign suppliers. Those sentiments of course would bring the new Minister of Agriculture up against the interests of trade and imperialism represented in the Cabinet by Runciman and Thomas. Elliot would wage a continual battle on behalf of the home producers but much of the ground was already lost. The Ottawa Agreements severely circumscribed his freedom of action in the pursuit of what he perceived as his fundamental objective, that was to restore producer prices to a remunerative level. Elliot, the pragmatist, was willing to try any reasonable means to achieve that end but at every turn the commitments made at Ottawa stood blocking the way.

Experience and ability apart, Elliot's distinctive character was ideal for the job. It needed someone with a strong and forthright personality to gain the confidence and cooperation of the traditionally independent farmers and to state forcefully the claims and desideratum of home agriculture vis-à-vis those of trade and economics. It required too someone who would put the Ministry on the map as it were, someone who would transform

¹ The Times 20 January 1933.

See also WE to Katharine Tennant 6 Jan. 1933 in the possession of Baroness Elliot.

what had the official status of a second-rank Ministry into one of major importance and demeanour to parliament and the public alike similar to what Joseph Chamberlain had accomplished at the Colonial Office.

Elliot's appointment was welcomed by politicians of all parties. There was an air of expectancy, perhaps among his more conventional colleagues somewhat tinged with apprehension, that an agricultural revolution was on its way. Elliot's leader and mentor, Baldwin, was convinced that his young protégé had the capacity to cope with the complex and deep-rooted problems of British agriculture. He was unstinted publicly in his praise of Elliot and his expectations that all would be done to try and remedy the unprecedented difficulties of the hitherto neglected industry.

"For my part, I rejoice to see in what is one of the most difficult posts in the Government a young man, a young man with ability and with enthusiasm. He will probably make his mistakes. I hope he will, because I want to see him act, and every man who acts makes mistakes. It is only the fellows who do nothing who avoid them."¹

Lloyd George too expected great things from the new Minister of Agriculture. Elliot had shared many of Lloyd George's political beliefs since he entered parliament as a coalitionist in 1918. This was particularly apparent in agriculture with Elliot like Addison adhering to many of Lloyd George's ideas. The Liberal ex-Premier compared Elliot favourably with his predecessor, Sir John Gilmour.

¹ Glasgow Herald 1 Dec. 1932.

"I am very glad that my right hon. and gallant Friend is in charge. Of his predecessor I have a very high opinion but his mind is built on more conventional lines than that of my right hon. and gallant Friend. There is as much difference between them as there is between a tram and a tractor. A tram runs on very defined lines which have been laid down for it. It starts at the point which is indicated, and ends at another point and never goes beyond. On the other hand, the tractor cuts fresh ground, and, therefore, we are all looking forward to the right hon. and gallant Gentleman - those of us who believe in him - to cut fresh ground."¹

The opinion that with Elliot in charge agriculture would undergo radical changes was shared by the Labour Party. From the outset, criticism of his policies was directed at the Cabinet as a whole, Labour spokesmen implying or even making explicit that Elliot's more staid and conventional colleagues were preventing him from going as far as he wished in his new deal for agriculture. As we shall see, this was a pretty accurate diagnosis although of course the opposition was unable to appreciate the other major factor, the intransigence of the Dominions. In Labour circles, Elliot's advocacy of a planned economy and highly organized industry was attributed to his Fabian Socialist days. In the 1920's on more than one occasion he had been mourned as a lost soul. Laski was not alone in foreseeing the possibility of Elliot adapting certain Labour agricultural policies to his own use, given that he was no doctrinaire Conservative but that he had "an experimental mind" and was "not over-endowed with a sense of unquestioning reverence."²

¹ 7 Nov. 1932, 270 H.C. Deb. 5s cols 70-71.

² Daily Herald 10 October 1932.

Elliot must have been encouraged with the almost universal approval and anticipation that his appointment evoked. However, he was under no illusions as to the immensity of his task or indeed to the reputation that the Ministry had of arresting promising political careers. He wrote to his future wife, Katharine Tennant, in the following terms:

"I've been rung up & offered Ministry of Agriculture. A grim prospect & it will probably finish my Parliamentary career."¹

Elliot was most fortunate in his civil servants at the Ministry. The permanent head was Sir Charles Howell Thomas but it was the head of the Marketing Division, A.W. Street, who was to prove the most indispensable as Elliot produced chapter after chapter of farming history. Elliot rapidly created around him an atmosphere of tremendous team spirit and enthusiasm. His charisma was not the only reason: his enthusiastic advocacy of import regulation and marketing schemes combined with the necessary determination and ability to steer such policies through Parliament was welcomed by a Ministry which had been working towards such ideas since Addison was in charge.²

Elliot inherited, as it were, more than that from Addison for his parliamentary secretary, the Earl de la Warr, had occupied the post since 1929. The fact that his number two was in the Lords and given that Elliot produced so much legislation meant that he was one of the most frequent Ministerial speakers

¹ WE to KT 28 Sept. 1932 in the possession of Baroness Elliot.

² Lionel Robbins to Beveridge in Beveridge Papers IIb 32 file 72.

in the House of Commons. He was fortunate to have the occasional help of Noel Skelton and Leslie Burgin but most of the time he was on his own. It was in fact however customary for the second agricultural Minister to be in the Lords for farming policy was considered to be a major interest of the Upper House. De la Warr conducted his chief's measures through the Lords with eloquence and absolute competence. In the country, of course, he was able to play his full role and made many excellent speeches about and explanations of Elliot's agricultural policy. The two colleagues had an exemplary working relationship. De la Warr shared his chief's perception of the novel problems of the twentieth century state and the necessity to plan every aspect of social and economic life. Agriculture could lead the way with comprehensive reorganisation and the development of an efficient secure industry.

The problems facing Elliot as he took office as Minister of Agriculture in 1932 were of unprecedented magnitude. He brought to the job many qualities, not least of which was a scientific ability to analyse the fundamental difficulty that lay behind each issue. He had a clear vision of his objective, an organized and prosperous agriculture. He was, too, aware of the obstacles in his path. He had firm conviction in his economic principles that he had formed during his fourteen years in Parliament. But more than that, he had a passionate belief that agriculture was an integral part of the nation's soil. If agriculture collapsed as it threatened to do in 1932, then so too would the

spirit of the nation.

"If a nation loses the art of producing food from its soil, it is not as if it loses some kind of skill or other; it is as though a man loses the power to breathe. When a man loses the power to breathe he dies, and when a nation loses the power to till the soil it dies also."¹

¹ 7 November 1932, 270 H.C. Deb. 5s col 148.

Chapter 6.Elliot and Agricultural Policy Formulation 1932-1934

Parliament met on 18 October 1932 instead of the 27th as originally planned so as to get through the legislation sanctioning the Ottawa Agreements. Elliot did not speak on the bill which got its third reading on 3 November. In Cabinet, however, the new Minister of Agriculture entered a caveat lest the Government found itself heading for a situation where it had made incompatible pledges to the home farmers and the foreign food-exporting nations.¹ At this early stage in his time as Minister, Elliot was preoccupied with the development of policies for two major branches of agriculture - the bacon and meat industries. On the former, Elliot had just received the Report of the Lane-Fox Re-organisation Commission which had been appointed in April 1932 by Gilmour and Sinclair under Addison's Agricultural Marketing Act of 1931.²

The Lane-Fox Commission had been asked to prepare a scheme to regulate the marketing of pigs and pig products. Consideration of the effects on the home market of a duty on bacon imports had not been included in the terms of reference - instead the committee had been required to estimate the effect of quantitative regulation. The Commission recommended that a quota

¹ Cab.53 (32) of 19 Oct. 1932.

² Report of the Re-organisation Commission for Pig and Pig Products. 1932 Agriculture.

policy be introduced at the earliest possible moment to regulate both home production and foreign imports, that the requirements of the British bacon market be estimated annually, and that the Dominions be given preference over foreign countries but not at the expense of the home farmers' quota. As far as internal organisation was concerned, the Report favoured a national agreement on contract terms and prices between the pig producers and bacon curers with the establishment of a Pigs Marketing Board to act as intermediary in every transaction. In addition to advocating the standardization and rationalisation of the industry, the Report suggested the appointment of a Development Board comprising of government nominated representatives of the producers and curers, quite separate from the Marketing Board which could be set up, with government approval, by the industry itself under the 1931 Act.

Reaction to the Lane-Fox Report illustrated quite clearly the differing interests of the Ministry of Agriculture and the Board of Trade, epitomised in Cabinet by a clash of opinion from the outset between Elliot and Runciman. With the report Elliot circulated a covering memo.¹ In it he pointed out that the objective of the Lane-Fox recommendations was the improvement of market stability in the bacon industry and the attainment of a higher price equilibrium. The total bacon supplies would be restricted by allocating a quota to each exporting nation with a

¹ Cab.55 (32) of 26 Oct. 1932.
Memo by WE, CP 353 (32) in Cab.24/234.

maximum increase rate of 10% allowed to the home quota every four months. Elliot reminded the Cabinet of the Government's declaration of 11 February that should an acceptable scheme be drawn up for the organisation of the bacon industry, it would be willing to enact a policy of quantitative import regulation. Elliot asserted his belief that the Report's recommendations amounted to "a feasible and satisfactory scheme for the organisation of the bacon industry" and he asked for Cabinet sanction to announce Government approval in principle.

Runciman offered the Cabinet the other side of the picture in a memo countering the arguments Elliot had put forward.¹ He elucidated the dramatic effects the proposals if implemented would have on Britain's trading relationship with foreign countries, especially the major bacon supplier, Denmark. The Lane-Fox figures involved cuts in foreign imports of almost 33%, and more as supplies from the home producers and the Dominions increased. How could the Government ask Denmark to buy more coal and other goods from Britain while drastically reducing their bacon exports which at present amounted to 50% of Denmark's total exports to Britain. The Lane-Fox plan, Runciman went on, was far more severe than the cuts on foreign meat agreed at Ottawa and yet the value of the foreign bacon trade was much greater proportionately since Britain only produced 12½% of her total bacon requirements compared with 50% of meat. The President of the Board of Trade concluded with a powerful broad-

¹ WR memo. Cab.24/234. CP 356 (32).

side against the entire scheme:

"If bacon cannot be produced on a larger scale in the United Kingdom without such a stunning blow at a friendly neighbour; if we can only produce more bacon by paying so heavy a price in foreign trade; if this new industry cannot be assisted except by a 35% reduction in the most important trade of a country from which we are now engaged in securing commercial benefits and consequently more employment of our own labour - and I have said nothing of the consumer - then it would be as well for the Cabinet to consider if it is really worthwhile."

The battle lines were thus drawn straight away between Runciman and Elliot. The Cabinet agreed that the latter should prepare a memo as quickly as possible outlining his general meat policy proposals. In the meantime, he was to be non-committal if quizzed in Parliament about Government reaction to the Lane-Fox Report, saying that careful study was necessary before a statement could be made. The Cabinet therefore did not grant Elliot his request to announce Government approval in principle. This most probably did not come as a surprise to the Minister of Agriculture for just a few days before the Cabinet meeting, Runciman had written to the Prime Minister putting his case forward. It certainly made an impression on MacDonald for he replied that the Government "really must stop this fooling, arising from one interest thinking of its own needs, as though it were the whole country or, alternatively, as though no country existed at all."¹ At the same time, MacDonald wrote to Elliot telling him of the concern he felt after reading the President

¹ RM to WR 24 Oct. 1932, Runciman Papers.

of the Board of Trade's Memo.¹ If Denmark gets the idea, he went on, that the Lane-Fox proposals have government approval then Britain will suffer a rebuff in the forthcoming commercial negotiations and there would be little point in going on with the preparations for the World Economic Conference. Strong sentiments indeed, but Elliot had support in the Cabinet too - Baldwin was always ready to give sympathetic consideration to proposals to improve the position of home agriculture while Ormsby-Gore shared Elliot's progressive Toryism and understood his intention to put the interests of British producers first at a time when economic nationalism was on the upsurge and tariff barriers were being erected all over the world. Britain could not indefinitely be left as a free-for-all market, vulnerable to the effects of a fluctuating, unregulated volume of imports.

In the meantime, Elliot had been deliberating on the long-term future of the major branch of British agriculture, meat production. He presented his general meat policy proposals to the whole Cabinet on 2 November, having already the week before discussed his ideas at the first meeting of the Cabinet Committee on Commercial Negotiations with Foreign Countries.² Runciman, presiding, submitted a memo concerning the impending tariff negotiations with Argentina and Scandinavia and put forward possible concessions that Britain might propose to them.³ Elliot's reply focussed on the position of home agriculture,

¹ RM to WE 24 Oct. 1932, MacDonald Papers PRO 30/69/2/12.

² C.F.C. (32) 1st meeting 24 Oct. 1932. Cab.27/489.

³ WR memo. Cab.24/233. CP 336 (32).

the claims of which he assumed would be fully examined before Runciman would be authorised to conclude binding agreements with foreign trading partners.¹ Elliot drew attention to the critical state of the livestock industry with excessive supplies flooding the market, resulting in extremely poor returns to the farmer. The Government, he reminded the Committee, had declared its intention of taking steps to raise wholesale meat prices. He pointed out that increases in home production during 1933 would negate restrictions on foreign supplies. In addition, the Irish Free State had stockpiled supplies in the hope that duties imposed in July² would be lifted and might well now dump them on the British market leading to a potential collapse altogether.

Elliot's memo left his Committee colleagues in no doubt as to where he stood on the question of home production vis-à-vis imported supplies.

"It is obvious that immediate remedial measures hinge upon the limitation of supplies and I personally take the view that in the interests of our national economy we must develop home production and contemplate the progressive replacement of overseas supplies by home products to a greater or less extent according to circumstances
I am bound to regard with the greatest apprehension any proposals to stereotype, at the Ottawa levels, the quantities of meat to be allowed in from foreign sources."

¹ WE memo. CFC (32) 2.

² When the I.F.S. withheld land annuities on 1 July 1932, the National Government imposed duties of 20% on Irish live animals, meat, bacon, poultry, butter, eggs and cream. In retaliation, the I.F.S. imposed 20% duties on British coal, steel, iron and cement.

Elliot concluded by calling attention to the inconsistency of the policy to hold a meat conference next year with Runciman's proposal to enter binding trade agreements now. He recommended instead that the Government "review the whole agricultural position and determine the lines of its agricultural policy in relation to competing imports before proceeding to make binding agreements with foreign countries which are likely to be prejudicial to our agricultural interests at home."

In the ensuing committee discussion, Runciman proved himself more than willing to defend his position against the line taken by the Minister of Agriculture whose memo, he said, traversed all the conclusions of his own. If Elliot's recommendation that no commitment be entered into until the position of home agriculture was reviewed and remedial measures enacted was agreed upon, then, said Runciman, negotiations with foreign suppliers would require to be indefinitely deferred. As it was, however, representatives from the Argentine and Scandinavia had already been invited for negotiations and with all nations having been informed that no agreements were possible till after Ottawa, the implication clearly was that discussions would now be initiated without delay. It would be quite impractical to commence negotiations unless the British Government could give a general idea of what it desired and what it was prepared to give in return. It would be futile in response to an approach by the Argentine or Scandinavia to say that the government was reviewing its whole agricultural policy and could not at this

time point to any potential import concessions.

Elliot intervened at this juncture agreeing that it was impossible to delay negotiations but insisting that the Government had urgently to determine its policy for the future of home agriculture, that is to say whether to act towards expanding or limiting domestic production. Given that the Government had pledged to stabilise Dominion meat, then home production or foreign imports had to be cut if wholesale prices were to be raised by reducing the volume of total market supplies. Chamberlain opined that some restriction of home production might be pursued for the present with a view to expansion at a later date. A scheme controlling home production ought to be devised. With this, Elliot concurred but he stressed that any agreement with foreign suppliers which was in conflict with such a programme was simply out of the question. For his part, he would be willing so as to facilitate realistic negotiations to state the maximum expansion figures he hoped to attain over a given period. There could be no doubt, however, that in the case of Argentinian chilled beef, stabilisation of imports on the 1931-1932 or "Ottawa year" level would be totally inadequate — unless these supplies were subject to further restriction then meat prices would continue to fall to the detriment of both the home and foreign producer.

Chamberlain endeavoured to bridge the gulf between his two Cabinet Committee colleagues. He suggested that the Minister of Agriculture draw up a five year domestic meat production

programme taking into consideration the implications of the Ottawa Agreements. He emphasised that a satisfactory position could not be arrived at immediately. The Government must proceed slowly and cautiously or else the nation's vital meat import trade might be destroyed. Chamberlain believed that when Elliot's meat programme was put before the Cabinet, a decision could be made and he thought it would not prove necessary to impose severe cuts on chilled meat imports. Negotiations could then be continued in an open manner. This thesis of Chamberlain's was acceptable to Elliot who said he would be quite content to have incorporated in Government policy a meat programme which allowed for the stabilisation and subsequent rational expansion of the home industry. Runciman, however, was not reconciled. He declared that he could not proceed with negotiations with the Argentine on the basis that her exports were to be cut by a percentage unknown as the Minister of Agriculture was unable to state exactly what the level of domestic meat production would be in 1933 and thereafter. The meeting ended without further progress — Elliot seemed to have secured the sympathy of the Cabinet Committee but in Runciman he had a formidable and persistent opponent. No definite decision had been reached to submit for the approval of the whole Cabinet. Instead, Runciman and Elliot were prevailed upon to have further consultations in the hope that differences might be narrowed.

The Minister of Agriculture had, however, to turn his attention for the present away from long-term policy development

to focus on the immediate crisis in the meat industry. Wholesale prices had fallen dramatically at Smithfield since August, most of the decline having occurred in the month of October. Emergency measures to underpin the livestock industry were imperative if it was to have a future at all for Elliot to plan. The Minister of Agriculture had, however, little room for manoeuvre. The Ottawa Agreements prevented him from imposing a tariff or quantitative control on Dominion supplies. Instead, he had to rely on voluntary cooperation for the duration of the crisis. With the Prime Minister, he received a deputation of M.P.s concerned with the gravity of the situation. Elliot assured them of the Government's intention to act promptly and said that the plight of the countryside was the "spur under which the Government was working."¹

Elliot's submission of an important paper on meat policy to the Cabinet on 2 November provoked a lengthy debate which ranged from the fundamental to the short-term problems of the industry and all its ramifications for the import trade.² The basic argument of the memo³ was that the quantitative control agreed at Ottawa was totally inadequate. The saturated market was chiefly due to the considerable increase in the past few years of imported mutton and pig-meat supplies yet the total reduction in meat per Ottawa for 1933 would be just 1% while cuts in bacon imports would not be imposed until 1 July 1933.

¹ M.A.F. 53/23-21. 1 November 1932, Ministry of Agriculture Papers, PRO.

² Cab.58 (32) of 2 November 1932.

³ WE memo. Cab.24/234, CP 368 (32).

The plethora of supplies would therefore be maintained and the crisis on the market would persist. The logical conclusion would be an ongoing decline in prices leading to the bankruptcy of many home producers. Measures far beyond those determined at Ottawa were required to deal with the immediate crisis at any rate. Voluntary or compulsory short-term limitation had to be undertaken urgently: Elliot stressed that it might be as well to have enforcement powers in reserve to use against foreign suppliers although he hoped some voluntary arrangement could be reached with them and the Dominions on what were to be regarded as purely emergency measures. As to the development of a long-term policy, the Minister of Agriculture advocated the appointment of a Meat Commission to inquire into the condition of home meat production and the early assembly of a Meat Conference as anticipated at Ottawa to which both domestic and Dominion producers should be asked, not so as to "assist at a new demonstration of economic nationalism, but to co-operate in the organisation of one of the great world markets, temporarily glutted with supplies." Though appreciative of the arguments of the President of the Board of Trade, Elliot pointed out that if action was not taken at this stage, it would be necessary at a later date when repercussions would be no less on foreign relations and commerce and after avertable damage had been done to home producers.

In the course of what was described as "a somewhat prolonged discussion", Runciman declared that the present glut on the U.K. meat market was due to over-production in the Dominions and not

to excessive foreign imports. The prospects for the talks with the Argentine and Denmark were good but the most harmful and damaging opening gambit would be a drastic reduction in their most vital exports. Reading between the lines of the terse Cabinet minutes, it is apparent that the meat policy issue aroused controversy amongst the Cabinet. It was decided that this complex and most urgent matter should be remitted to a meeting of the Ministers most directly concerned.

The Meat Policy Committee, as it was named, met that same afternoon.¹ Apart from the chief protagonists, Elliot and Runciman, it was made up of MacDonald, Baldwin, Chamberlain, Thomas and Collins. Elliot started proceedings with a resumé of his memorandum. The seriousness of the present situation could not have been foreseen at Ottawa. After all, although the agricultural industry had been on the decline for several years, livestock farming had till recently been one of the few profitable branches. The limitations necessary would be unpalatable certainly but must be taken in haste — action could not even be delayed until an emergency conference could meet. Elliot reiterated his preference for a voluntary restriction agreement but also his belief that the Government should have statutory powers in reserve to be enforced only if no agreement could be reached, for the situation was so desperate and experience had shown that, in the absence of reserve statutory powers, a voluntary agreement could be violated by an irresponsible minority. In order to avoid embarrassment, any bill so arming

¹ M.P. (32) 2 November 1932, Cab.27/495.

the Board of Trade should not specifically refer to the Dominions who could be told that the compulsory controls would not be enacted against them. The fact that neither home nor Irish production was on an organised basis was another argument in favour of arming the Government with statutory powers.

Chamberlain agreed that it was not difficult to defend a policy of common sacrifice in what was a purely ephemeral crisis for shared future gains. The real problem, however, was that the Government would have to declare its incapacity to ensure that the home producers played their part in such a common effort. It would be necessary to persuade the Dominions that a programme of limitation not initially involving Britain's own farmers was a fair proposal. It might be possible to offer to the Dominions some equitable concession. At this point, Elliot intervened, as full of ideas as ever, to suggest a tariff with imperial preference. This had of course been discussed at Ottawa and had been decided against so Elliot's suggestion was rather unrealistic though perhaps more an example of his tendency to think aloud and a sign of his youthful exuberance rather than a serious proposition. His reaction to Chamberlain's suggestion that perhaps Dominion and foreign supplies could be restricted on the basis that they would subsequently be stabilised when home production, after undergoing organisation, was reduced was that the home industry had already borne great reductions and could not withstand any further severe cuts.

Runciman could not at this point refrain from making a jibe at Elliot by declaring that only those who had been at the

Ottawa Conference could appreciate how fervent the opposition would be. If the Government seemed to be reneging on its commitments then the Dominions were liable to tear up the entire Agreements. Elliot in private might well have asserted that this would be no great calamity, but, sporting his responsible Cabinet image, he agreed that as far as the Dominions were concerned, the Government had to abide by Ottawa and could take no action apart from hopefully securing a voluntary quantitative control agreement. All further cuts, therefore, had to be imposed on foreign supplies. Runciman "went off the deep end at once"¹ and declared that with the Argentine already badly affected by the cuts imposed per Ottawa there was little chance of her agreeing to further reductions. MacDonald was worried about the effects on Britain's trade and investments in South America. Elliot agreed that on pure merits, the Dominions rather than the Argentine should be required to take the reduction necessary to restore wholesale prices since their recent immense expansion of meat exports to Britain was the main factor in the saturation of the market. Baldwin had supported Elliot in his opinion that a policy of voluntary restriction which included the home farmer would be difficult to justify for it would be argued that a British industry was being requested to cut production to benefit not just themselves but foreign suppliers.

This important Cabinet Committee meeting ended after considerable argument with agreement that Thomas, Runciman and

¹ NC to Ida 5 November 1932, NC Papers 18/1/804.

Elliot should discuss the present critical meat position as soon as possible with representatives of the Dominion and Argentine governments and meat interests. The Cabinet trio should endeavour to find out the attitudes towards a voluntary scheme of import restriction but should not make any reference to the possibility of the National Government investing itself with statutory powers of compulsion. The discussions that subsequently took place with the Dominions were the first of many held throughout Elliot's term at the Ministry of Agriculture. The contentious issue of the level of quota control would be fixed quarterly thus imposing a considerable strain on inter-imperial relations and involving Thomas, Elliot and their respective departments in continual negotiations and endless paperwork.¹ At this early stage, the Government's request for voluntary reductions to meet the immediate crisis of November/December 1932 evoked a sympathetic reaction and indeed agreement was reached on 7 November, details of which Elliot announced that same evening in his first speech to the House of Commons as Minister of Agriculture.

In the course of his speech Elliot took the opportunity to refute rumours that Runciman was being intransigent.

"Nothing has given me a greater feeling of - perhaps nausea is too strong a word - but a greater feeling of weariness than the continual suggestion that the President of

¹ For detailed narrative of these negotiations and their outcome best source is Ian Drummond ch. 7 "Ottawa Aftermath: Meat, Butter and the Dominions 1932-1938."

the Board of Trade was holding up the whole policy of this country because of some foible of uprightness and was interfering with the economic development of a great country."¹

Elliot would continue to fight his private battles with Runciman, often on quite fundamental issues, but outside the Cabinet room his loyalty to his colleague did not waver. Indeed he went on in his speech to praise both Runciman and Thomas for their parts in the discussions with the Dominions and foreign countries. The Argentine had agreed to an immediate cut of 20% in mutton and lamb supplies and 10% in chilled beef with a promise to accept another 10% reduction if the situation did not improve. Australia and New Zealand intended to reduce their frozen mutton and lamb exports by 10% while there was reason to expect that bacon exporters would be amenable to a reduction of 20%. Remaining optimistic about the long-term prospects of agriculture, Elliot stressed the sine qua non of a firm substratum upon which to build and sought for the moment understanding and toleration of any shortcomings of the scheme he had just announced since it was one drawn up in great haste to meet an immediate crisis.

"The matter has had to be dealt with as a matter of urgency. It may be that we have made mistakes. It may be that the oscillation in prices resulting from our attempt at control will be greater than we had anticipated, but we have expressed the will of the House and the country in taking action. I beg the House and the country for indulgence and for clemency in this matter. We have taken great risks.

¹ 7 Nov. 1932, 270 H.C. Deb. 5s col 155.

We have risked many things, both in regard to trade and administration, which may lead us much further than we should have gone had it not been for the emergency with which the country is faced. But you ask for action - Here it is."¹

Elliot elaborated on this theme a few days later speaking at a lunch of the Junior Constitutional Club. He spoke of beef prices having taken "an almost perpendicular nose-dive" since June with a 40% fall at Smithfield and declared that the government had taken positive action, taking "drastic and far reaching steps, which if they succeed, will be, I am sure, a landmark in the economic history of this country."²

Although only in its initial stages, Elliot did give several indications as to the direction of his long-term policy formulation and to the logic behind his thinking in speeches made in the second half of November.³ He declared that the world was in for "an era of controlled production", asserting that "unregulated production in every part of the world, the theory of Free Trade, belongs to the nineteenth century and cannot continue." The industrial revolution had had appalling effects on agriculture and the countryside in general. The government had to ensure therefore that this new political and economic upheaval led to their restoration. The central problem of prices had to be tackled at its roots but not by the application of

¹ 7 Nov. 1932, 270 H.C. Deb. 5s cols 160/161.

² Glasgow Herald & The Times 10 November 1932.

³ Manchester Guardian 19 November 1932. Speech to Royal Empire Society 22 Nov. 1932 reproduced in United Empire Journal Jan. 1933.

just one method or dogmatic principle. Elliot declared that "we are not attacking from the lines of preconceived notions, but from the lines of scientific experiment, of trial and error."

Discussions between Elliot and Runciman and their respective departments had been taking place in line with the decision taken at the Cabinet Committee for Commercial Negotiations with Foreign Countries. The two Ministers had endeavoured to reconcile their different attitudes to the Lane-Fox recommendations and to wider aspects of agricultural policy. The upshot was a joint memorandum by Elliot and Runciman, Gilmour in his capacity as Minister for Ireland, and Collins for Scotland.¹ It stated that quantitative control of imports was justifiable in two circumstances as a fundamental part of government agricultural policy: where it was vital for the effective operation of a reorganisation scheme for a particular branch of the agricultural industry, as in the case of bacon; or secondly, as had happened with meat, where it was necessary to meet a crisis situation. At the same time, the four Ministers were agreed that the Government must invest itself with powers to control home production. Cabinet was asked for provisional approval of the heads of a bill which would amend the Agricultural Marketing Act of 1931 and enable the Government to regulate imports in the aforementioned circumstances. On the question of the Lane-Fox proposals, the Memo asked for Cabinet to authorise Elliot to announce the Government's acceptance in principle, in other

¹ Cab.24/235. CP 429 (32).

words to declare that it was ready to take whatever action was necessary to constitute a reorganised bacon industry on a stable basis, to make provision for reasonable expansion, and to control imports by voluntary agreement or otherwise to the necessary extent.

In the Cabinet discussion that followed, Runciman made it quite clear that despite his apparent acceptance of the necessity of having statutory powers in reserve, he still had grave reservations about the prudence of supplanting the natural regulation of the supplies by free market forces with controls that smacked of state socialism.¹ Clearly, the President of the Board of Trade had not relinquished entirely his laissez-faire ideals. The Cabinet, however, while not committing itself on the question of principle, authorised Elliot to prepare a draft bill to provide for agricultural import regulation with the decision to be made at a later stage as to whether the provision would be generally applicable or whether it would be restricted to specified products. At the same time, Elliot was given sanction to announce the Government's acceptance in principle of the Lane-Fox recommendations. This he duly did to Parliament on 19 December.²

Meat policy was again on the agenda of the next Cabinet meeting.³ On this occasion, it was the next stages of the short-term policy that were considered. Elliot, in yet another

¹ Cab.67 (32) of 14 Dec. 1932.

² 19 Dec. 1932, 273 H.C. Deb. 5s col 722.

³ Cab.68 (32) of 21 Dec. 1932.

memorandum,¹ reported that the voluntary restriction agreements for November and December had for the most part worked satisfactorily and without difficulty. The fall in wholesale prices had been arrested and confidence restored. The prompt and effective action had been appreciated not only by the home producers but apparently also by other suppliers. It was therefore desirable, asserted Elliot, that the situation should be reviewed without delay to prevent a similar crisis occurring again. With the agreement of Runciman and Thomas, Elliot advocated that consultations should be entered into as soon as possible with the Dominions and foreign countries to reconsider the whole meat supply position, taking account naturally of the agreements made at Ottawa. Cabinet concurred with this proposal and authorised the Ministers concerned to negotiate for such additional voluntary joint action as thought essential on the understanding that no cuts above those already sanctioned were under consideration.

The Ottawa agreement that the Dominions should regulate their supplies from January 1933 until July 1934 came into effect, with the voluntarily accepted proviso that their mutton and lamb exports should not exceed those of the Ottawa year. As far as the Argentine was concerned, the voluntary restriction on chilled meat agreed for November/December was continued till the end of March by which time negotiations were in progress towards a new trade agreement. Bacon cuts too were extended,

¹ Cab.24/235. CP 437 (32).

the major supplier, Denmark, also seeking a new commercial treaty with Britain. The Minister responsible for these negotiations with foreign trading partners was of course Runciman at the Board of Trade but Elliot too was very closely involved for the agricultural provisions of any commercial agreement inevitably affected the home producers and the British market situation.

The dairy produce situation was also at this time giving Elliot cause for concern. Towards the end of January 1933, the Minister of Agriculture with Thomas and Runciman held the first in a series of discussions on the matter with the Dominion High Commissioners. From the outset, it was apparent that the Dominions were not in a receptive frame of mind. They had requested the meetings with a view to making foreign suppliers bear the full burden of the restrictions thought necessary to arrest the decline in prices and were thus hostile to the Government's proposals of quantitative regulation of both foreign and Dominion dairy produce on a 2:1 ratio.¹ Instead the Dominions insisted that Britain adhere to both the spirit and letter of the Ottawa agreement relating to dairy products, namely that no tariff or quota would be put on their exports for three years. Australia was evasive and unco-operative, willing only to contemplate restricting her exports to the Ottawa year level for a very short period of time while making impractical suggestions based on the British Government slashing Danish imports, taking no account

¹ 13 Feb. 1933, CFC(32) 12 in Cab.27/489.
20 Feb. 1933, CFC(32) 13 or DO 35/289/9291/7.

whatsoever of the effects that would have on the British-Danish trade talks which were just getting under way.¹ These negotiations on dairy produce adjourned after a few weeks without agreement leaving the British market open to unrestricted Dominion dairy exports for three years.

Elliot's major preoccupation in early 1933, however, was the preparation of his Agricultural Marketing Bill, the draft of which he submitted to the Cabinet on 22 February.² In a covering memo, Elliot summarised the provisions and asked for authority to present the bill without delay to the Home Affairs Committee with a view to introducing it in Parliament as soon as possible.³ Clause 1 empowered the Board of Trade to regulate imports of any agricultural commodity if necessary for the successful operation of a marketing scheme already in force or if essential to deal with a crisis affecting the economic stability of any part of the agricultural industry. Other clauses provided for the regulation by Order of the sales of domestic agricultural products, the appointment of a Market Supply Committee to advise the Ministers concerned on the discharge of their functions under the bill, the presentation and endorsement of development schemes for the purpose of regulating production of "secondary" agricultural products like bacon and

¹ 2 March 1933, CFC(32) 14 or DO 35/289/9291/10.
6 March 1933, CFC(32) 15 or DO 35/289/9291/13.
For a concise exposition of these and subsequent dairy produce negotiations see Drummond p.317-327.

² Cab.10 (33) of 22 Feb. 1933.

³ WE memo. CP 38 (33) in Cab.24/238.

hams, and certain minor amendments to the Agricultural Marketing Act of 1931. Runciman was not present at this Cabinet meeting due to bereavement. Since he was known to have strong views on the matter and his head civil servant had sent MacDonald a letter conveying the concern felt by the Board of Trade about Clause 1 in particular, Cabinet decided to postpone consideration of the bill until the next regular Cabinet meeting when Runciman would be able to state the case of his Department. Elliot understood his colleagues' unwillingness to commit the absent Runciman but at the same time was disappointed that a decision could not be made and kept on ice until the President of the Board had given the green light.

Elliot and Runciman managed to reconcile their differences on the Agricultural Marketing Bill in the week between the two Cabinet meetings. Elliot agreed to delete the controversial sub-section which empowered the Board of Trade to regulate imports in response to a crisis affecting the economic stability of any part of the agricultural industry. Runciman and his officials had considered that provision to be too wide in latitude and liable to be given too broad an interpretation. Instead the second circumstance in which an Order could be made would be where the Minister of Agriculture was satisfied that a marketing scheme for the product in question was, though not yet in operation, definitely in preparation. The Cabinet accepted this compromise and authorised Elliot to proceed with the introduction of the Bill unless the Home Affairs Committee disagreed on a question of principle in which case the matter would have to

be referred back to the whole Cabinet.¹ In the event, this was not necessary and this historic bill was laid before the House of Commons on 6 March 1933.

The Opposition requested and obtained two days' discussion of the Second Reading. Elliot welcomed the decision, given the extremely serious and radical nature of the bill's provisions.

"The proposals which we bring forward are admittedly drastic, far-reaching and novel, and our only justification for them is that they are not more drastic than the situation demands, that they are not more novel than the circumstances which confront us, and that they are not more far-reaching than the emergency which has brought these proposals into being."²

Tom Williams led the Labour Party's opposition to the Bill. While welcoming it as an attempt to assist agriculture, he criticised its lack of safeguards to prevent price increases, asserting that it favoured the middleman and that it would lead to piecemeal schemes for the industry instead of a national plan. He disliked too the proviso giving the Board of Trade in theory the power of total prohibition. Aneurau Bevan was extremely suspicious of the government's motives for introducing such a bill affecting an industry which could be seen as the last major bastion of individualism in twentieth century Britain. Somewhat facetiously, he deduced that the idea was not to bring about the scientific reorganisation of agriculture but to restore the currently imperilled revenues of the landlord class which was

¹ Cab.13 (33) of 1 March 1933.

² 13 March 1933, 275 H.C. Deb. 5s col 1624.

the main pillar of the Tory Party. Bevan had something to say too on the Minister of Agriculture himself and his role in the Conservative Party. He accredited him with left wing beliefs but asserted that "like other Conservative planners, he is walking backwards with his face towards the future and he is saying, 'look where I am looking'." Bevan advised Elliot to look instead where he was going.¹ He dismissed the bill as only pseudo planning and not the progressive measure it appeared, declaring that Elliot's ability to speak left-wing language was exploited by his party.

"It is certainly not State planning as State planning has been understood. It is the substitution of organised plunder for disorganised theft. Whenever the Tories want any encouragement and advice they always borrow from the left. The Tories never listen in this House to speeches with so much respect and awe, and, very often, lack of understanding, as they do to the speeches of the right hon. and gallant gentleman, the Minister of Agriculture and the hon. Member for Stockton-on-Tees (Mr. Macmillan) because they speak the language of Socialism, and the Tories pay an unconscious tribute to the learning and understanding which they lack. Whenever a job of this sort has to be done they select the Minister of Agriculture, as he is able to make a piece of reactionary legislation so like the last edict of the Comintern, and the Tories dearly love to be considered advanced."²

This idiosyncratic passage of Bevan's serves to illustrate Socialist opinion of Elliot as a left wing Conservative still influenced by his Fabian past. Indeed the impact of Elliot's

¹ 13 March 1933, 275 H.C. Deb. 5s cols 1677/78.

² 13 March 1933, 275 H.C. Deb. 5s col 1672.

student days was referred to by Attlee on the second day of the debate.

"The right hon. Gentleman has some ideas of planning; he has a good deal more community sense than most Members of the Government. That is probably due to his sound early training though he has since strayed from the narrow path."¹

Attlee also implied that the Minister of Agriculture would have liked to go much further in the bill had he not been restricted by the rest of the Cabinet. This sentiment was to be repeated by various Labour spokesmen throughout Elliot's tenure of the Ministry, portraying Elliot's left-wing tendencies as being held at bay by his less radical colleagues.

Herbert Samuel, not surprisingly, thought the Bill went much too far, declaring it to be "by far the most Socialistic Measure that has been brought before Parliament in recent years."² He pledged Liberal opposition on the grounds that it was a policy of Protection, it interfered with foreign trade, and that instead of being an emergency measure with a time limit, it was on a permanent basis. For the Scottish Tories, Boothby could not see much in the bill for agriculture north of the border.³ Scottish M.P.s had continually asked the President of the Board of Trade to restrict oat and malted barley imports only to be told that the former was still being considered by the Import Duties Advisory Committee and that there were treaty

¹ 20 March 1933, 276 H.C. Deb. 5s col 59.

² 20 March 1933, 276 H.C. Deb. 5s col 72.

³ Ibid. cols 148-154.

complications regarding the latter. The bill offered no new hope to these mainstays of Scottish agriculture for it laid down that no import regulation Order should be made in contravention of trade agreements. The situation was critical requiring immediate action and Boothby advised Elliot to go instead for a straightforward tariff policy.

The Agricultural Marketing Bill received its Second Reading by a majority of 252 and was referred to Standing Committee C with Sir Cyril Cobb in the chair.¹ Elliot was assisted by Leslie Burgin, Parliamentary Secretary to Runciman, and the brilliant Under-Secretary for Scotland, Noel Skelton. There was in fact little real controversy during the Committee stage with the Opposition members adopting a fairly favourable attitude, attempting only to insert certain safeguards for the consumer. However, the bill was complex and though there were few divisions, there were lengthy discussions on several of the 26 clauses. The result was that the bill was in Committee for almost two months until 16 May.

The Press reaction to the bill was generally welcoming with some predictable exceptions. Beaverbrook's Daily Express despised it and, describing it as a Socialist Bill, declared that it was "an iniquitous measure which suggests salvation for a stricken industry but intends to bind the industry with fetters of control more complete and unyielding than anything ever known in this country."² The Daily Express blamed MacDonald, Simon

¹ Standing Committee C, Official Report 1935/36.

² Daily Express 13 March 1933.

and Runciman for preventing their Conservative Cabinet colleagues from going for a tariff.¹ Beaverbrook himself, however, did not think the time was ripe to launch a major campaign against Elliot's policy and for a tariff on foreign foodstuffs. He went so far as to seek to withdraw his weekly contribution to the Norfolk based Agricultural Party which was the only farmers' organisation that opposed Elliot and the Marketing Bill. Beaverbrook was impressed with Elliot's confidence conveyed over dinner that on the mutton and lamb front at any rate, things were improving and that the farmer would soon benefit.²

The Economist condemned it as "Major Elliot's Dear Food Bill", a Marketing Bill only in name for it was principally designed to raise prices by creating an artificial scarcity through the policies of "a twin dictatorship by the President of the Board of Trade and the Minister of Agriculture." If the bill did succeed in its aim to raise prices, then it would be a costly failure to both farmer and consumer. The Economist counselled that "before he commits himself to this preposterous experiment, the British farmer would be well advised to look this gift horse in the mouth lest it should turn out to be one of the Trojan breed."³ The Spectator adopted a more optimistic attitude. Referring to Bevan's sneer that Elliot was "the idea factory of the Conservative Party", the Spectator declared that to be praise indeed and asserted that "no Minister has more

¹ Daily Express 15 March 1933.

² A.A. Whelan to G.F. Wright 26 & 27 April 1933.
Agric. Party Papers A.P 2/3, Beaverbrook Papers F/7.

³ Economist 25 March 1933.

truly grasped the psychology of this Parliament, which demands action and yet more action." The bill was designed to make efficient farming worthwhile by giving protection to any branch of the industry showing its willingness to reorganise. It had a commendable basis that was "the conception of the twentieth-century State as an organization which is determined to protect itself both from glut and from scarcity."¹

The remaining stages of the bill proceeded smoothly with the Third Reading on 30 May. In the Lords, a few minor amendments were inserted which the Commons then disagreed with but ultimately reached a compromise on 18 July. With the Royal Assent, Elliot had put on the statute book an Act that would have radical effects on many branches of the home agricultural industry. In contrast to its predecessor, the Agricultural Marketing Act of 1933 was well received by the farmers. Its import regulation provision met their main objection to the 1931 Act and in the months to come there was close co-operation between the N.F.U. and the Ministry of Agriculture in the formulation of marketing schemes.² Elliot's provision for supply regulation would have considerable bearing on future trade policy. Trade and commercial matters had in fact been occupying much of the Cabinet's attention during the Second Reading and Committee stages of the Marketing Bill. Agreements with two of Britain's major trading partners had come up for

¹ Spectator 17 March 1933.

² The NFU Yearbook 1934 p. 313-314.

renegotiation and renewal and in the negotiations with both countries, Denmark and Argentina, Elliot was keenly interested, so considerable were the implications for the market supply situation and the state of home agriculture. By the Anglo-Danish treaty which was signed on 24 April, Britain allocated Denmark a minimum of 62% of the foreign bacon import quota while undertaking not to impose a tariff for three years. Regulation of it and dairy products would only occur if necessary to ensure the effective marketing of home supplies. It was the Anglo-Argentine agreement of 8 May however that caused the major controversy in Cabinet and in Parliament.

Runciman asked authority to guarantee to the Argentine that for 3 years, chilled beef supplies would not be reduced beyond 10% of the Ottawa year level.¹ Elliot strongly opposed this and argued that if a maximum figure had to be agreed upon, then it must be 15% of the 1931-1932 volume of supplies in any one year.² This considerable difference in opinion led to some heated scenes at the Cabinet Meeting of 15 March.³ Elliot declared that a 15% maximum reduction was just about defensible but any lower figure would ruin the prospects of agricultural revival in Britain. The 10% restriction agreed in November had not had the hoped-for salutary effect on beef prices and to guarantee the continuation of this maximum reduction would have had psychological effects on the home producer who was looking

¹ WR memo. CP 65 (33) in Cab.24/239.

² WE memo. CP 66 (33) in Cab.24/239.

³ Cab.16 (33) of 15 March 1933.

to supply more of the home market requirements. It was impossible to tell what lay ahead and it would be unwise politically to peg the beef market for as long a period as three years. This line of reasoning was supported by Elliot's predecessor, Sir John Gilmour, responsible for agriculture in Northern Ireland, and Sir Godfrey Collins who had an extremely serious farming situation to deal with in Scotland.

Runciman emphasised how vital the Anglo-Argentine negotiations were with all their implications for non-agricultural commerce and British investment. He suggested that if the Government were set on a figure of more than 10%, the negotiations would break down. In that event - and here Runciman played his trump card - he would resign. After that somewhat dramatic threat, it was Neville Chamberlain that came to the rescue with the compromise of a 10% maximum reduction in any one year but with the proviso that the Government was free to go beyond that figure if other suppliers were comparably restricted. And, to meet Elliot's concern about the possibility of another drastic fall in beef prices, Runciman was asked to obtain the Argentine's agreement to discuss such a situation if it arose with a view to making a voluntary arrangement like that of November 1932.

The Argentine and Danish Agreements together with an industrial treaty made with Germany were severely criticised in Parliament, much of the displeasure emanating from the imperialist and pro-tariff wings of the Conservative Party which took strong exception to the concessions made by the Government. Elliot took this opportunity to make political jibes at his favourite target, the

Samuelite Liberals. He taunted Samuel and Sinclair for vociferously attacking the policy of quantitative regulation when, as members of the Cabinet, they had accepted policy proposals in February 1932 which included the appointment of the Lane-Fox Commission with the proviso that if a reorganisation scheme was evolved, the Government would be prepared to restrict bacon imports.¹ There was no Commons division on this issue but the Agreements rankled for some time with many Liberal and Conservative M.P.s and of course incurred the wrath of Beaverbrook's Daily Express.

Whatever reservations Elliot still had about the trade agreements, he was obliged to accept them and work within their framework. At least the policy of supply regulation was now accepted by Britain's trading partners as a first principle, even if the terms, especially those of the Argentine Agreement, were more generous than Elliot would have liked. The chilled beef concession, in particular, made his dual task of stabilising the meat market situation whilst improving the position of the home producers that more difficult. Elliot was determined, however, that subject to such treaty restrictions, import regulation, as provided for in the Marketing Bill, would be extensively employed as it was absolutely essential if the envisaged reorganisation of agriculture was to succeed. He explained this position in a speech on 18 May to the Council of Agriculture at the Middlesex Guildhall.

¹ 10 May 1933, 277 H.C. Deb. 5s cols 1589-1606.

"I cannot conceive any marketing scheme which could be effective if it were to be exposed to being broken up at any moment by vast floods of unregulated imports being dumped down on our shores. I would accept responsibility to the full for saying that the marketing schemes we put forward pivot on the adequate control of foreign imports, and those marketing schemes, which we are backing to the full, will be paralleled by the regulation of foreign imports to whatever point is necessary to make them effective."¹

It was at this time that the Dominion Secretary, J.H. Thomas, began to question the direction of Elliot's agricultural policy. Thinking ahead to the World Economic Council to be held in London, Thomas wrote to Elliot to convey his anxiety that the British delegates should have the answer prepared to deal with the awkward question, certain to be posed by the Dominions, as to how much of the market would be open to them and to what extent it was intended to develop home production. Thomas believed that unless Britain could give the Dominions that kind of information, it would prove difficult to reach agreement on a common line to be put forward at the Conference.² Elliot brushed him off, replying very briefly that while he appreciated his colleague's concern and would consider the points made, he was preoccupied with more immediate problems.³ Thomas had, however, given notice of his desire to see more details and figures put on the agricultural policy framework. It was a matter in which he was to take on increasingly active and to

¹ Morning Post 19 May 1933.

² JHT to WE 12 May 1933: D.O. 35/266/9223 F/5.

³ WE to JHT 12 May 1933: D.O. 35/289/9291/55.

Elliot what must have been a somewhat irritating interest until his change of office in November 1935.

Elliot and Thomas were both members of the Cabinet Committee set up at the Cabinet Meeting of 10 May to consider preparations for the World Economic Conference.¹ The other members were MacDonald, Baldwin, Chamberlain, Hailsham, Simon, Hoare, Cunliffe-Lister and Runciman. With the exception of the Lord President and the Secretary for India, the Committee members formed the nucleus of the British delegation. The Cabinet Committee met almost daily to complete its tasks of determining the line to be taken and selecting the subjects to be considered by the main committees of the Conference itself.²

Once the Conference got under way under the chairmanship of Ramsay MacDonald, the British delegates met usually once often more per day to discuss proceedings.³ There were thirty meetings in all and this, combined with a concurrent series of thirteen sessions of the Commonwealth Delegation Committee⁴ and of course attendance at the Conference proper, meant that Elliot and his colleagues had scarcely a moment's respite from their labours for the months of June and July. Elliot indeed was also involved in one of the sub-committees of the Commonwealth Delegation Committee - he did in fact chair the Production and Supply sub-Committee at which he tried in vain to get the

¹ Cab. 34 (33) of 10 May 1933.

² M.E.C. (33) 15-26 May 1933: Cab. 29/140.

³ M.E. (UK) (33) 14 June-26 July: Cab. 29/142.

⁴ M.E. (BC) (33) 12 June-28 July: Cab. 29/143.

Dominions to constructively discuss the changes in the supply and price situation since Ottawa.¹

Failure to unite in a common policy was indeed the outcome not merely of the discussions with the Dominions but of the World Economic Conference itself. It ended in all but the formalities on 3 July with Roosevelt's rejection of the notion of an agreement on the international stabilisation of currencies. Such a common policy would have impeded his New Deal measures to raise purchasing power by currency regulation - the United States had after all recently gone off the Gold Standard and subsequently devalued the dollar. The basic problem was that two sets of countries attended the conference - those still on the Gold Standard and those not. Their very different positions combined with the every-increasing phenomenon of economic and political nationalism almost inevitably made the World Economic Conference a mere talking shop. As Mowat so succinctly describes it, the new motto seemed to be saue qui peut.²

The Commonwealth delegations did manage to produce a suitably vague declaration of cooperation on trade and economic matters.³ No progress had been made on the vital commodities of meat and butter but a standstill was agreed upon for milk products and eggs while further discussions were to be held concerning oats and cheese. Britain had tried without success to get included

¹ M.E. (BC) (P.S.) 12 July-26 July: Cab.29/144.

² C.L. Mowat: Britain between the Wars 1918-1940 p.441.

³ M.E. (BC) (33) 30: Cab.29/143.

in the declaration a paragraph recognising the need to regulate meat supplies but Australia and New Zealand would not entertain such a suggestion. One definite decision was reached, a sad one for Elliot who had spent much of his political apprenticeship as one of its leading spirits, the Empire Marketing Board was to be wound up due to almost total lack of interest on the part of the Dominions.

Elliot had, like the other Cabinet Members on the British delegation, been obliged to give almost all his attention and effort to the proceedings of the World Economic Conference from the middle of June until the end of July. That notwithstanding, he did not neglect his departmental concerns nor did he cut down on his speaking engagements throughout the country. Moreover, he had to take time off more than once from the Conference to attend the House of Commons to deal with various aspects of his policies. Elliot was of course not only Minister of Agriculture but also Minister of Fisheries and it was in this capacity that he spoke in the House on 27 June 1933. The occasion was the Second Reading of the Sea Fishing Industry Bill.

The measures incorporated in the Sea Fishing Industry Bill had been foreshadowed in a policy statement made by Elliot in May when he had established a commission to draft proposals.¹ The Bill's intentions were four-fold: the regulation of mesh size; the control of the size of the fish to be sold in Britain; the prohibition of landings from certain areas at certain times;

¹ 8 May 1933, 277 H.C. Deb. 5s cols 1212-3.

and the regulation of foreign fish supplies. The Bill also proposed to set up the Sea Fish Commission to examine the problems of the fishing industry. Moving the Second Reading, Elliot spoke of the serious state of the industry which was primarily due to a glut of supplies as a result of which prices had fallen below the level necessary to maintain and re-equip, in other words the replacement level.¹ The use of a tariff on foreign supplies had not reduced them to an acceptable level and the government had now decided it must act to equilibriate supply and demand by quantitative and qualitative regulation. He defended his intention of imposing a 10% reduction on foreign fish by saying it was consistent with the policy of supply regulation endorsed by the World Economic Conference and that being the case, it did not signify that Britain was retreating behind a wall of economic nationalism. Herring was not included in this bill but was being considered as a separate case. It did after all present a different issue for the basic problem here was the under-demand from foreign fish markets for Britain's herring exports.

Tom Williams led Labour's Opposition to the bill on grounds similar to that taken on the Agricultural Marketing Bill, that the National Government was restricting essential food supplies so as to increase profits instead of improving distribution methods to encourage greater consumption, in other words instead of restricting supplies to meet demand the government

¹ 27 June 1933, 279 H.C. Deb. 5s cols 1343-1361.

should be acting to increase demand to the level of supplies. On the Report Stage taken on 13 July, the Opposition tried to insert a time limit of one year on the power of the President of the Board of Trade to restrict imports after which the position could be reviewed. However, Elliot had agreed during the Committee Stage on a three year limit and the amendment was defeated leaving the Bill to proceed smoothly through its remaining stages.¹ It was followed some months later by the Sea Fishing Industry (Regulation of Landing) Order, which imposed a 10% cut on foreign supplies.

Towards the end of the Parliamentary Session, Elliot dealt with two other important commodities for which he was responsible. He announced that the Government would be introducing legislation in the next session of Parliament to temporarily extend the beet sugar subsidy due to expire in September 1934. This was to allow for further consideration of the long term future of an industry that with government assistance since 1925 had developed from virtually nothing before the war into a substantial branch of root crop farming. In the meantime, sugar beet manufacturers were asked to submit marketing schemes under the 1931 and 1933 acts and, in the near future, a committee to make long term recommendations would be appointed.² The other commodity Elliot dealt with was milk, presenting a marketing scheme for the approval of the House of Commons. This represented the fourth such scheme concerning agricultural products to be created under Addison's

¹ 13 July 1933, 280 H.C. Deb. 5s cols 1259-1362.

² 27 July 1933, 280 H.C. Deb. 5s cols 2773-2776.

Act and lent impetus by the prospect of import regulation held out by Elliot's own measure. The first marketing scheme of them all had been set up by the Hops Industry commencing operation in September 1932, the month when Elliot had been appointed Minister of Agriculture and Fisheries. The other two had been approved by the Commons only recently, on 28 June, for bacon and for pigs, measures that had received the full support of the Labour Party.

In moving the Milk Marketing Scheme, Elliot described its background and development. His predecessor, Sir John Gilmour, had in April 1932 set up a reorganisation commission chaired by Sir E. Grigg, M.P. Most of the work in formulating the scheme had been done outwith parliament in consultations between the various interests. It was to be presented to the producers in eleven regions of England and Wales for their acceptance or rejection after receiving Parliamentary approval.

The raison d'être for the scheme was to rescue the milk industry from its perilous position due to the increasing difference between liquid and manufacturing milk prices. The Milk Marketing Board was to be set up as the controlling body with the proposed eleven regions being required to pool returns from all milk sold to give a uniform area price. As with the bacon and pigs measures, the Labour Party gave its full support to the Milk Marketing Scheme. Tom Williams gave an enthusiastic welcome to what he called "a gigantic experiment", complimenting Elliot on his work and congratulating him on "having persuaded the diverse interests in this giant undertaking to allow the scheme to be

prepared so that it could come before the House prior to its adjournment."¹ This latter sentiment was echoed by the Chairman of the Reorganisation Commission, Sir E. Grigg, who praised Elliot for his diplomacy, skill and "passionate energy" in bringing forth the scheme so quickly for parliamentary approval.²

Similar compliments had been showered on Elliot two weeks previously when he had again absented himself from his labours at the World Economic Conference to speak on the Vote on Supply for his Ministry. Labour spokesmen criticised aspects of the Government's agricultural policy, interpreting it as that of organising scarcity to increase prices. In the absence of price regulation by import boards, a policy of mere restriction could not be a durable solution to agricultural problems.³ However, in the course of the debate the Opposition paid tribute to the endeavours of the Minister of Agriculture, Williams asserting that Elliot's work at the Ministry was admired by both the supporters and opponents of his actual policies.⁴ Another Socialist, E.J. Williams, declared that of all Government Ministers, Elliot was the one possessing "the greatest depth of philosophy"⁵ while Rhys Davies praised him for his lucid exposition of his case and declared that the Minister of Agriculture should be raised to a higher Cabinet status.⁶

¹ 27 July 1933, 280 H.C. Deb. 5s col 2924.

² Ibid. col 2928.

³ 11 July 1933, 280 H.C. Deb. 5s col 970.

⁴ Ibid. col 958.

⁵ Ibid. col 1034.

⁶ Ibid. col 1042.

There can be no doubt whatsoever that Elliot's reputation at Westminster, with the agricultural interests, and in the country as a whole had reached a very high level indeed by the end of his first parliamentary session as Minister. Opponents and supporters alike had watched with wonder and respect as he had unfolded the first few chapters of his agricultural policy. There was undeniably an air of expectancy tinged in some quarters with apprehension that the energetic Minister had just laid the foundation stones on which to construct a completely revolutionised agricultural policy. The Economist articulated Free Trade concern. It would have found no quarrel with The Times' opinion that Elliot's agricultural policy was in Britain "by far the most obvious instance of an effort to grapple with new economic problems by new economic methods."¹ The journal did however in no way share The Times' optimism that the new approach was worthwhile pursuing. On the contrary, it attacked the keystone of his policy, namely the Agricultural Marketing Act, as "an example of the economics of topsy turveydom" and declared that his measures could only worsen the situation.² It feared that Elliot was not finished by a long chalk, anticipating more measures involving "a degree of State interference as yet undreamed of in this country."³

The Spectator predictably took a different view. It asserted that circumstances and Elliot's own character had enabled

¹ The Times 13 July 1933.

² Economist 10 June 1933.

³ Economist 29 July 1933.

him to develop a more radical policy than Addison could ever hope to have done but having said that, it declared that the real merit of the present agricultural policy was that it had in fact all-party origins. It was commendable also for the fact that the beleaguered home producers had been given encouragement and hope.¹ The New Statesman and Nation was also, for the present at any rate, unstinted in its praise for the Minister of Agriculture. It acclaimed the clarity of his exposition of policy asserting that his was "the nearest approach in the present Government to a Minister who knows what he is trying to do." It praised, too, his realism in that while he was absolutely committed to an elaborate system of protection, he was fully cognizant of the inherent problems and pitfalls.²

Of all his policy critics, Elliot must have valued most the judgement of the man whom he regarded as his political mentor, his leader Stanley Baldwin. Baldwin saw agriculture as one of the major problems of 1933. He was to focus much of his attention during his appearances on political platforms up and down the country on the difficulties of British farmers and the attempts by the Government spearheaded by Elliot to alleviate them. Baldwin echoed Elliot's belief that town and country had a common interest and discerned that there was now a general realisation that "the old feeling that interests of town and country are diverse is not only moribund, I think it is dead for ever."³

¹ Spectator 11 August 1933.

² New Statesman and Nation 15 July 1933.

³ Glasgow Herald 26 June 1933.

Baldwin spoke too on the reorganisation of British agriculture and the employment of import regulation as an aid thereto, using words that might easily have come from Elliot himself.

"Such ideas as the regulation of production and imports would have made your fathers turn in their graves, but now we all recognise that those things are essential, and we are devoting our minds to them. The interests of our own farmers must come first, the interests of the Dominion farmers, second and the interests of the foreign farmers, third."¹

Baldwin could observe from his position of experience the zeal and sheer power of work being displayed by the youthful Minister of Agriculture. He approved both of the content of Elliot's policy and the manner in which it was being presented to the nation. In speeches up and down the country, he praised his younger colleague's devotion and ability and fulsome eulogy it was, in no way merely that which can be expected to emanate from one Cabinet Minister about a colleague. Baldwin told the Primrose League that no Minister had a more complex or responsible task but that notwithstanding, he was certain that before the end of the Government's term of office, Elliot would have achieved so much that he would be remembered by future generations as perhaps their greatest Minister of Agriculture.² A few weeks later at a major speech in Cambridgeshire, Baldwin told his audience that "when this Government came into power, agriculture was indeed the Cinderella of British industries, but she has

¹ Glasgow Herald 24 July 1933.

² The Times 6 May 1933.

met a fairy prince in Walter Elliot."¹

Baldwin's opinion was strengthened by the Conservative Parliamentary Agricultural Committee which sought to have the Ministry of Agriculture and Fisheries raised to the status of a first class department. The Committee thought it essential to have continuity of ministerial direction to ensure the success of the policies of reconstruction at present in progress. Its primary aim was to safeguard against Elliot being transferred from Agriculture to another Cabinet post by way of promotion. The Committee's feelings were conveyed to Baldwin by its Chairman.

"The Committee feel that Walter Elliot has been and is rendering magnificent services to the cause of agriculture and that in any changes his promotion to another Department carrying higher status is almost inevitable. They sincerely hope that you will use your great influence to secure his retention in the post which he now occupies, and thus ensure advancement and continuity in agricultural policy."²

The N.F.U. shared these sentiments, its President B.J. Gates asserting that it was not derogatory to any former Minister of Agriculture to say that Elliot was the best the Union had had to deal with.³

Elliot's readiness to take unconventional measures for the benefit of British agriculture included his non-partisan consideration of candidates for the various appointments he was empowered to make. In the autumn of 1933, he took the unusual

¹ Glasgow Herald 24 July 1933.

² Sir Douglas Newton to SB 15 November 1933, Baldwin Papers vol 168.

³ Proceedings of the 25th anniversary dinner in NFU Record Dec. 1933.

step of inviting Addison, the former Labour Minister of Agriculture to be Chairman of the Reorganisation Commissions for Eggs and Poultry for England and Great Britain which he, Elliot, was setting up to prepare marketing schemes. In his letter to Addison offering him the position, Elliot acknowledged that his suggestion was unconventional but asserted that the circumstances were unusual. The fact was that the Commission's terms of reference covered both the 1931 and 1933 Agricultural Marketing Acts and, this being so, Elliot believed while respecting Addison's political allegiances that it offered "an opportunity for people of different attachments to co-operate with good will in the fashioning of a scheme that may be helpful, particularly to a large number of small producers." Addison, after consulting George Lansbury, accepted the appointment, appreciative of the "wide-mindedness" of Elliot's offer and in agreement that it was not inconsistent with his political allegiance to accept.¹

As winter approached, all was not well in certain branches of the agricultural industry despite Elliot's endeavours. Bacon was one commodity in great difficulties. The problem was that when the National Government had fixed the import quotas in the Spring, it had under-estimated the volume of home supplies that would be available. Faced with these circumstances, the Government had asked the foreign exporting countries to consent to voluntary reductions but as agreement had not been forthcoming, it was decided to impose cuts until the end of February. It had been hoped that no further restrictions would be necessary

¹ The Times 9 October 1933.

till March 1934 but with increased Dominion supplies and the level of domestic production well in advance of estimates, immediate action to stabilize the supply situation was imperative to protect the home industry.

The Bacon (Import Regulation) Order was moved in the House of Commons by Leslie Burgin, Parliamentary Secretary to Runciman, on 15 November. The Order was made under the section of the 1933 Agricultural Marketing Act which empowered the Board of Trade to impose import regulation where there existed a marketing scheme for the product concerned. Burgin told the House that the actual quantities of permitted supplies would be fixed from time to time but the cuts would be in the region of 15% of the November 1932 level. For the Opposition, Tom Williams trotted out the familiar argument that the government was organising scarcity instead of organizing distribution of the surplus food supplies among those in need. He was concerned too at the unfavourable effect the cuts would have on foreign relations. The pro-tariff die-hards on the Government back benches were not too enthusiastic either, disliking Elliot's persistence with the quantitative regulation method instead of a tariff policy. Such a combination of critics however amused rather than worried Elliot.

"They may advance against me in battle array,
but I shall not be greatly afraid, because
at an early stage they will no doubt draw
their claymores against each other."¹

On a more serious note, Elliot emphasised the dangers of too

¹ 15 Nov. 1933, 281 H.C. Deb. 5s cols 978/9.

cheap food.

"If we believe in cheapness and cheapness only, we must be prepared in this country to see prices sink to a level never reached before. I have said in the country and I say again tonight, that it is no advantage to the housewife to buy at a cut price in the shop if by doing so she puts her man on the dole."

This attack on the pure gospel of cheapness was as Elliot himself said one he had used before. He was absolutely convinced that Britain had to abandon permanently the policy of buying always in the cheapest market. It just did not make international economic sense to let continue a situation in which wholesale prices were unremunerative to producers and thus draining capital resources. One only had to look at the position in the United States where the agricultural community had got into immense indebtedness due to receiving prices below replacement value.²

The new parliamentary session was not long under way before Elliot was required to make a major speech in defence of his agricultural policy. Speaking during the debate on the Address, he countered Lloyd Georgian Liberal pleas for more land settlement. He stressed that the present import levels could not be maintained alongside any meaningful expansion of home production. Those who advocated large-scale land settlement and spoke of increasing consumption to absorb the resultant expansion in supplies were not being realistic. The fact was that consumption could not be

¹ 15 Nov. 1933, 281 H.C. Deb. 5s col 979.

² Glasgow Herald 9 December 1932.

greatly increased and that for any expansion of home production to receive a remunerative price, there would have to be drastic import cuts which would lead to retaliatory action against British exports resulting in an increase in unemployment. Elliot declared his profound enthusiasm for developing small-holding but only in the right circumstances and thus not at this juncture. He believed that when a remunerative price and share of the market were available, the expansion of the farming population would be automatic. For the present, the real problem was to assist those already on the land.

Elliot pointed out the contradiction in terms of opposing import restrictions one minute and advocating land settlement and expansion of home agriculture the next. There was, he asserted, a consensus on the desirability of increasing home production. The implementation of a scheme to do just that for bacon had produced such a sudden and dramatic increase that the situation was very serious indeed demanding immediate action. The Minister of Agriculture, however, as witty as ever, saw the problem in a lighter vein.

"My difficulty is to deal with the droves
upon droves, the hundreds of thousands,
of pigs which are rushing and squealing
upon us from every part. The Pied Piper
of Hamelin has nothing on me."¹

It had been necessary to impose restriction on imports so as to leave a share of the market for this unexpected expansion of home bacon. Yet the import Order had been criticised by the

¹ 24 November 1933, 283 H.C. Deb. 5s col 473.

Opposition who in the next breath called for large scale land settlement, for all that in absence of any such development, there had taken place a problematical expansion of 70% in home bacon production in only a matter of months.

Elliot had some lessons in basic agricultural economics to give to those on the Opposition benches, now including the Samuelite Liberals who had ostentatiously crossed the floor of the House at the beginning of the session. Elliot declared that the home producer could not survive without assistance in a market onto which overseas supplies from specialised production areas were being dumped. It was necessary to insulate British agricultural production, just as other countries had insulated theirs, if the home farming industry was to endure the current international trade depression. It was a contradiction in terms to preach the gospel of cheap food and at the same time urge the protection of home producers. Prices were everything: a remunerative price was the key to the survival of home agriculture.

Elliot's speech was criticised on the next day of the debate by Sir Herbert Samuel who repeated the Liberal and Labour solution of increasing demand instead of restricting production. This sounded attractive but was not realistic. The naïvety of this analysis was attacked by one of Elliot's young progressive supporters, Harold Macmillan, who declared that Samuel had failed to recognise in agriculture as in industry and commerce that "the increased capacity to produce which the science and invention of the nineteenth century has brought about must be regulated

and guided into proper channels if it is to be of service to mankind."¹ Macmillan declared that only a small minority, including Samuel, still maintained that there could be a return to the past laissez faire situation with automatic adjustments by the free market forces. Certainly Elliot had no time for such a belief.

"On the contrary, he has done splendid service in the direction of control and order. He has been Aaron and Hur rolled into one, holding up the hands of a sometimes rather fatigued and uncertain Moses."²

Agriculture was showing the way to the long-term reconstruction and reorganization necessary to restore and maintain economic equilibrium.

Just a few days later, Elliot submitted the memo on the produce markets situation to the Cabinet which was to lead to a major change in Britain's trade and agricultural policies.³ Elliot suggested that a Cabinet Committee be set up to give detailed consideration to certain agricultural policy issues requiring immediate attention which had implications for inter-imperial and general trade. He told his colleagues that while for some commodities measures taken had brought about an improvement in the market situation, for others they had not. Sheep and lamb prices were much improved but this was not the case with fat and store cattle where prices, although stable at the moment, were actually at a lower level than that of November

¹ 27 Nov. 1933, 283 H.C. Deb. 5s col 560.

² 27 Nov. 1933, 283 H.C. Deb. 5s col 565.

³ WE memo. CP 278 (33) in Cab. 24/244.

1932 which had stirred the Government into negotiating voluntary restriction. The situation was such that Elliot felt he must "draw the attention of my colleagues to the fact that we are rapidly approaching a point at which decisions of considerable importance will have to be made." Beef was not the only commodity requiring further action. The import situation of dairy produce was another problem and unless it could be solved, the Milk Marketing Scheme would not succeed. Immediate discussions were needed too on the future development if any of the Pigs and Bacon Marketing Schemes. Questions like the extent to which home produce should be regulated in the short term and in what proportion increased home production should bear on imported supplies had to be closely examined and answered.

The Cabinet¹ agreed to Elliot's suggestion and set up the Produce Markets Supply Committee with Baldwin in the chair and consisting of nine other Cabinet Ministers including Chamberlain, Simon, Thomas, Runciman and of course Elliot.² The P.M.S.C. was to meet on nineteen occasions between December 1933 and May 1935. For those eighteen months, it was the setting for all major decisions taken on immediate agriculture problems and for continued general debate on long-term trade and agricultural policy options. It was not, however, the establishment of the P.M.S.C. itself that signalled a watershed in Elliot's agricultural policy but the contents of his first memorandum

¹ Cab.66 (33) of 29 Nov. 1933.

² Proceedings of the PMSC are to be found in Cab.27/560.

submitted at its second gathering but outlined orally at the initial meeting on 1 December.

It must be remembered that Elliot from the outset had declared his readiness to use any of the various methods to alleviate the glut of supplies and depressed prices. For the major commodities, however, his policy to date had been various degrees of quantitative regulation based on fixed shipment quotas within the framework of Ottawa and Britain's other treaty commitments. The only major exception was wheat which was in the unique position of being protected by a levy subsidy or earmarked tariff introduced under the Wheat Act of 1932 by Elliot's predecessor, Sir John Gilmour. The use of this weapon of protection was proving extremely successful as far as wheat was concerned. Now in December 1933 with beef prices obviously not responding satisfactorily to the quantitative regulation measures, Elliot came out forcefully in favour of promoting the earmarked tariff as the long-term policy for the meat industry.

Elliot told his colleagues at the first P.M.S.C. meeting¹ that there were three commodities requiring immediate attention. Bacon was one, dairy produce another but the most urgent question was that of beef. With all three branches of the agricultural industry, there were two sets of problems - the level of prices and the position of home production in relation to total supply. Each commodity had to be dealt with separately. Elliot

¹ PMS (33) 1st meeting 1 December 1933.

declared that the choice was further quantitative regulation or an import levy with deficiency payments to home producers, that is a policy of earmarked tariff. This preliminary meeting agreed that Elliot should submit memoranda on the beef position with his recommended policy and on measures that might be taken to increase milk consumption. He was to confer with Collins on the oats question and with those colleagues directly concerned with the state of home bacon production, chiefly Runciman and Thomas. Those last two were in addition to draw up their opinions on the memoranda Elliot would prepare on beef and milk policy.

On the ten days between these first and second meetings of the Produce Market Supply Committee, Elliot made two speeches which for different reasons aroused considerable controversy and annoyed some of his Cabinet colleagues. The first occasion was at a performance of a play by Shaw at the Sadlers Wells Theatre given by a drama group on behalf of the National Federation of Young Farmers' Clubs. Elliot told the audience that the Government was planning even more rigorous action to improve the position of home agriculture.

"We have taken some drastic steps, but they are nothing to the steps we are going to take in the immediate future. As the road notices say you have been warned."

Elliot was speaking in a humorous and light-hearted vein at what was after all a private occasion. But in some quarters, a more serious interpretation was placed on the speech and his words were remembered and thrown back at him in the months to come.

The sentence that caused particular offence was that in which, referring to his determination to save the home producers, Elliot declared that the attempt would lead to "a lot of terribly nasty food at extraordinarily high prices." This fuelled accusations that his policy did not take the interests of consumers into consideration. It also encouraged certain elements to nickname Elliot "the Food Dictator". It certainly was an unfortunate choice of words.¹

It was the second speech, however, that annoyed some of Elliot's colleagues, in particular incurring the wrath of the Dominion Secretary, J.H. Thomas. Speaking to the Council of Agriculture the day after his performance at the Sadlers Wells, Elliot asserted that the question of beef was pre-eminent, in short that "it is the beef man's turn now." The livestock problem was a complex one for the very considerable imported supply had to be taken into account as well as the home production. Elliot proceeded to ask his farmer audience if they believed "that some regulation of Imperial supplies, as well as foreign supplies, is essential if British agriculture is to survive?" His question was answered with a resounding "yes", to which he reacted by saying that he took it as an unanimous opinion and that he could not "exaggerate the importance of the statement just made." The problem was what could be done in the period before the expiry in June 1934 of the Ottawa commitment not to impose quantitative regulation on Dominion imports by legislation.

¹ Manchester Guardian 5 Dec. 1933.

Elliot declared it was the Government's responsibility and he accepted it, and would regard the opinion expressed that day as advisory.¹

J.H. Thomas conveyed his irritation at his colleague's speech in a memorandum submitted to the second meeting of the Produce Markets Supply Committee on 11 December. The Dominions were, he asserted, already apprehensive about Britain's long-term trade and agricultural policy intentions with the imminent expiry of the Ottawa commitment not to introduce statutory import regulation. Elliot's speech to the Council of Agriculture would not, Thomas declared, alleviate these fears in the slightest. As to the proposed levy-subsidy policy, Thomas doubted whether the Dominions would agree. The most important thing, however, was to commence discussions as soon as possible.²

This memo was in response to the one drawn up by Elliot as requested at the first P.M.S.C. meeting in which he elaborated on his recommended policy: the home producers should be subsidised by direct cash assistance within the present quantitative regulation framework; the details should be worked out by the Reorganisation Commission for Fatstock; an appropriate statement should be made before Christmas to announce the alteration in the Commission's terms of reference to include a plan to ensure a minimum price to home producers; and negotiations towards implementing the levy part of the levy-subsidy policy should be

¹ Glasgow Herald 6 December 1933.

² JHT memo PMS (33) 4, 9 December 1933.

commenced with the Dominions and the Argentine.

Elliot admitted that the Government could try and negotiate further voluntary regulation but it would be an extremely difficult, protracted business. After all, it had proved troublesome enough to get Australia and New Zealand to agree to a one year standstill in Ottawa. Elliot regretted the fact that Britain's treaty commitments precluded any substantial reduction in beef imports in the immediate future. He pointed out that even after the expiry of the commitment not to impose restrictions, it would be difficult to reconcile any prospective cuts with the promise made at Ottawa that the Dominions were to receive an expanding share of the market. At the same time, under the terms of the Anglo-Argentine Agreement which did not expire until November 1936, Britain could not restrict Argentinian chilled beef supplies by more than 10% of the Ottawa year level unless it imposed corresponding restrictions on the Dominions. So, Elliot concluded, a long-term policy of quantitative regulation would be beset with difficulties.

"The truth of the matter is that, though in theory our treaty engagements leave us with sufficient room to manoeuvre, we have to face the fact that, in practice, beef enters so largely into the export trade of the main supplying countries that the continual negotiations that would be necessary under our treaty commitments to secure the required adjustments in supply would lead to considerable friction."

These then were the grounds on which Elliot recommended adopting a levy-subsidy policy as the long-term answer to the beef problem.¹

¹ WE memo. PMS (33) 2, 5 Dec. 1933.

In the discussion that followed, it became very quickly apparent that Elliot had an uphill battle on his hands, such was the lack of support for his radical proposals.¹ Minister after Minister produced objections to his levy-subsidy plan, some admittedly of real substance. Runciman was not actually present at the meeting and had not submitted a memorandum but he did send his Parliamentary Secretary, Burgin, to represent his views. Burgin expressed considerable doubt whether the Argentine would entertain any substantial alteration to the trade treaty. Runciman would be willing, Burgin continued, to investigate the possibility of reducing Argentinian chilled beef beyond 10% of the 1931-1932 level without having to make corresponding inroads into other supplies but felt that in the event of hostile reaction, no other modification to the Anglo-Argentine agreement should be proposed. Chamberlain predictably was worried by Elliot's reference that there would be a corresponding reduction in deficiency payments in the event of a considerable expansion in home beef production. The Chancellor stressed that if the levy-subsidy policy was adopted then home production had to be restricted, otherwise the improvement in price due to deficiency payments would encourage over-supply which would in turn further depress the true market price.

Elliot declared that his scheme was intended to be quasi-permanent. At the very least, it should endure until the trade agreements with the Dominions and the Argentine had

¹ PMS (33) 2nd meeting 11 Dec. 1933.

expired. He accepted Chamberlain's point about the dangers of encouraging over-supply and said that safeguards against undue expansion could be incorporated in the levy-subsidy scheme just as they had been with wheat. It must be realised that if the population level remained static then it would not be possible to absorb increased imported supplies as well as providing a market for increased home production. Elliot was emphatic that some drastic measures had to be taken if home beef production was to be saved from total collapse - economically and politically, it was impossible for the Government not to take vigorous action quickly.

Interestingly, the Foreign Office was quite enthusiastic about Elliot's levy-subsidy proposal. The Under-Secretary, Anthony Eden, representing Simon at the meeting, commended Elliot's suggestion of inducing the Argentine to agree to the change in policy by renouncing the right to restrict chilled beef imports by more than 10% of 1931-32 level in certain circumstances. The Foreign Office disliked the quantitative regulation policy chiefly because of the continual irritations and strain on relations caused by the necessarily frequent negotiations to adjust levels that such a policy required. The levy-subsidy method, on the other hand, would be less flexible and therefore less liable to arouse perennial argument once the tariff rate was settled. Baldwin chairing the Committee was sympathetic to Elliot's problem. He was fully aware of the dangers of a conflict between Dominion and home producers but pointed out that the former had never hesitated to safeguard their secondary

industries by taking action against Britain's manufactured exports. In the same way, Britain must protect her agricultural industry.

Elliot's main antagonists, Chamberlain and Thomas, while rejecting his proposals were unable to offer an adequate alternative. The Chancellor felt that while Elliot's policy would help the home producer it would not touch the root of the beef problem, namely the glut of imported supplies. The Dominions provided the key to the solution of the whole problem - it was time that they stood on their own feet and looked for other markets. Even asking for a further standstill would irritate them so it might be as well to go the whole way and impose sufficiently extensive cuts to resolve the depressed price and flooded market situation. Thomas, however, reminded his colleagues that freedom to restrict Dominion imports after June 1934 could not be absolute due to the Ottawa understanding that the Dominions should get an expanding share of the market and also because of other imperial political and economic considerations. Elliot underlined the fact that it was an emergency situation. The quantitative regulation currently in force was inadequate and while a more far-reaching scheme might be possible in several months' time, the home producers could not survive in the interim.

In response, however, to Ormsby-Gore's inquiry as to whether he could offer for the first quarter of 1934 any alternative other than an advance to home producers to be recouped at a later date after negotiations by an import levy, Elliot

suggested drastic statutory cuts in fat-stock imports from the Irish Free State and Canada, in the region, say, of 12 $\frac{1}{2}$ %. Such action would of course have political implications. Furthermore, Elliot asserted that the adoption of such a policy would not allay his anxieties about the immediate situation of the home producer. Chamberlain and Thomas, however, declared their readiness to consider such an emergency plan. The meeting ended with Elliot being asked to draw up a memorandum on this short-term policy proposal.

A fundamental objection to Elliot's levy-subsidy plan seems to have been that it would be unwise to accept such a radical change in trade and agricultural policy without lengthy consideration. His colleagues preferred to contemplate a short-term plan to meet the immediate situation and to give time to work out a long-term policy in a less frenetic atmosphere. Elliot had to accept the force of the objections both to the precipitancy and the substance of his proposals and without delay drew up the requested memorandum on the emergency action he had suggested. He outlined possible quotas that might be imposed on the Irish Free State and Canada but stressed that even with such measures, there would still be a huge increase in the weight of supplies in 1934 compared with 1933. He could therefore not pretend that such proposals would meet the immediate situation.¹

The Produce Markets Supply Committee met to consider

¹ WE memo. PMS (33) 6, of 12 Dec. 1933.

Elliot's memorandum just three days after the previous meeting, such was the urgency of the beef question.¹ Despite the reservations in his memorandum, Elliot told his colleagues that the measures against the Irish Free State and Canada could be commended to Parliament as an interim step. The imposition of his suggested quotas of 40,000 heads of cattle from the former and 5,000 from the latter was in his opinion the absolute minimum of what action was necessary to hold the position in the first quarter of 1934. Irwin, the President of the Board of Education and a colleague whom Elliot greatly admired, postulated that the gravity of the position of the home producers could not be exaggerated. If it was thought necessary to have a short-term and a long-term policy, then it seemed to him that the action proposed against the Irish Free State would have undesirable consequences - he would prefer the short-term policy of assistance to take the form of a direct subsidy. Elliot, of course, immediately gave his support to this proposal and with Irwin had a conversation à deux as to the possible workings of such an idea. Elliot had felt unable to suggest such a solution himself having instead proposed an advance with a deferred levy. The interchange between Elliot and Irwin, however, was brought to an end by Chamberlain interrupting to say a direct subsidy to beef producers was out of the question. It would be impossible, he declared, to limit such assistance to one particular industry - others would rush to jump on the

¹ PMS (33) 3rd meeting 14 Dec. 1933.

bandwagon.

The Dominion Secretary announced his readiness to accept the proposed cuts. After all, De Valera had taken strong measures against British exports. Thomas stated, moreover, that he would agree to an increased cut, say in the region of $22\frac{1}{2}\%$. The Chancellor offered no objection. There was a general feeling in the Committee that since the Irish Free State was deliberately damaging British trade, the Government was entitled to take counter-measures. Elliot believed this more substantial restriction would be welcomed by the home producers but reaffirmed that the problem could by no means be wholly solved by such action. He hoped his colleagues would not rule out consideration of a subsidy as part of a purely emergency policy to deal with the anticipated crisis situation of the first half of 1934 and in particular the second quarter.

Runciman reacted to Elliot's assertion that cuts might be made in chilled beef supplies from Brazil and Uruguay by stating that they were not to blame for the saturated market and suggesting an even bigger reduction in cattle from the Irish Free State. Thomas then put forward the idea of cutting supplies in two stages, $22\frac{1}{2}\%$ straight away and more later. As before, Chamberlain had no objection: he was not too concerned with the prospect of lost tariff revenue since he considered it more than justified by the potential effect such drastic action would have, bringing to a head relations between Britain and the Irish Free State and weakening the position of De Valera at home. Elliot suggested that his colleagues agree that the cut should

be considerable, leaving Thomas, Chamberlain, Runciman and himself to decide on the actual figure on the understanding that it would be in the region of 50%. The Committee approved this suggestion and that Thomas should consult Canada while Runciman commenced negotiations concerning frozen and canned beef with South American countries. It noted also that Elliot proposed to make a Commons statement in the near future.

Baldwin, in his capacity as P.M.S.C. Chairman, reported orally on the Committee's conclusions to the Cabinet on 20 December.¹ Elliot's proposed statement was duly approved for presentation that same day in the House of Commons. The details of the reductions were prefaced with a resumé of the situation and an explanation of what would happen if no such action was taken. Elliot explained that a considerable volume of home supplies had been held back because of the low price level but would soon appear on the market and further depress prices. It was thus necessary to help the market situation and avert a potential price collapse by removing imported fat-cattle. As far as the Irish Free State was concerned, fat-cattle exports to Britain were to be reduced for the first quarter of 1934 by 50% of the equivalent period of 1933. In addition store cattle was to be cut by $12\frac{1}{2}\%$ while a total ban was placed on beef, veal, and beef and veal offals. The other exporter of live cattle, Canada, had agreed to stabilise her fat and store imports for the first quarter of 1934 at the 1933 January-

¹ Cab. 70 (33) of 20 Dec. 1933.

March level.

Elliot then dealt with canned, chilled, and foreign beef. The first had to date been unregulated but it was now intended to control such imports and arrangements were being made. Chilled beef imports from foreign countries would be reduced on the same scale as January-March 1933 while the Ottawa arrangements for foreign beef would continue with foreign supplies being reduced by 30% of the first quarter of 1932. Elliot told the House that discussions were in progress towards readjusting the proportions of boned and boneless foreign frozen meat imports. Finally, he stated that the government had been reviewing the bacon position including the considerable expansion in home production and that if justified by the volume of supplies that was contracted between producers and curers for the period March-December 1934, the Government was ready to cut foreign imports in two stages amounting to a 10% reduction from June on the present level.¹

The livestock situation and the measures announced by Elliot were discussed the following day during the debate on the Christmas adjournment. Tom Williams, the Labour agricultural spokesman, attacked the timing of the Government's statement, coming so late in the session, and described the measures as constituting "a monstrous attack on the Irish Free State."² Elliot rejected the charge that the policy was precipitate, declaring that it was the outcome of considerable Cabinet deliberation. The

¹ 20 December 1933, 284 H.C. Deb. 5s cols 1296-1298.

² 21 December 1933, 284 H.C. Deb. 5s col 1538.

measures announced in his statement were thoroughly justified by the critical market situation where prices were still well below remunerative levels as a result of which the position of the home beef producer was becoming desperate. Elliot pointed out that beef production represented 70% of the entire agricultural industry and was thus the lynch-pin of the system. He denied that the measures proposed were an expression of political hostility towards the Irish Free State, saying that they were "proposals to deal with an economic and not a political situation, and on economic and not on political grounds they will have to be challenged."

Elliot reiterated his conviction that supplies from overseas had to be dovetailed with home production. He refuted any suggestion that he was a die-hard protectionist, saying he was "by no means to be taken as a fierce devotee of the absolute exclusion of everything from outside our shores."¹ Elliot reaffirmed that Britain would remain a great trading nation, pointing out that while other countries took refuge behind total tariff walls, Britain was still the benefactor of many suppliers. In the case of the recalcitrant Irish Free State, 87½% of its trade was left untouched. Towards the end of his speech, Elliot replied to the point made by Williams that while the farmers did indeed have difficulties, if they were given assistance then the onus on consumers and in particular the poor and the unemployed was increased. His response was on a

¹ 21 December 1933, 284 H.C. Deb. 5s col 1573.

familiar note - that of the ineluctable need for a partnership between industry and agriculture, urban and rural communities. The intention was to stabilise then increase wholesale prices but since their decline had not brought about an equivalent fall in retail prices, it was not expected that there would be a comparative rise in prices to the consumer as a result of measures taken to give the home producers a better return.

Elliot was under no illusions that these latest measures represented anything other than inadequate stop-gap action to give his colleagues more time to deliberate on a long-term agricultural policy. Runciman had not relinquished his laissez-faire ideals altogether, Thomas was apprehensive of what Dominion reaction would be towards a fundamental change in the policy formulated at Ottawa, and Chamberlain was determined to resist any suggestion of direct Exchequer assistance. Among the rest of Elliot's colleagues, Baldwin and Irwin were generally sympathetic to the problems of the home producer but not directly involved. MacDonald was mostly concerned with foreign policy and rarely sought to direct social and economic policy which was just as well as he would have faced an impossible struggle against his Conservative dominated Cabinet. He did however consider that agriculture received disproportionately greater attention than any other industry and that such favours were received with ingratitude and increased demands by the farming community.

The attitude of the majority of Elliot's colleagues to the

problems of the agricultural industry seemed to be one of wait-and-see, nurturing the vain hope that somehow the saturated market and depressed price situation would remedy itself without requiring too much government intervention, in particular avoiding measures that would cause irritation to other interests both at home and overseas. There was an extreme reluctance to change course at this juncture and go for the levy-subsidy policy now suggested by Elliot. Indeed, his suggestion of this totally different approach had come as somewhat of a bombshell to many of his Cabinet colleagues. Chamberlain holding the purse strings was the major obstacle in any attempt at formulating policy, especially in this particular case where Elliot was asking for an Exchequer advance.

For the present, Elliot was forced to shelve his recommendations, recognising the force of the objections raised both in principle and substance and being the man he was, he received the setback graciously. His determination to implement his new policy, however, was unimpaired. It was to take him six long months of argument to obtain the Produce Markets Supply Committee's approval merely in principle. That he was able to persuade his colleagues to relinquish their vehement opposition expressed in December 1933 is weighty evidence of his profound ability to argue his case at the highest level. The Cabinet had not killed off another major instalment of Elliot's agricultural revolution - they had merely caused it to be deferred.

As Elliot put it, "when we have done beef we have done

everything",¹ referring to the fact that beef was the keystone of British agriculture in the 1930's. Elliot however had pressing problems with other commodities in the winter of 1933/1934. In December, he introduced another marketing scheme, this time for potatoes.² This root crop presented the most striking example of the extreme variations in price that could be caused by small alterations in the supply position. The Potato Marketing Board was to prevent a surplus by deciding upon the minimum size of a potato to be marketed at any particular time. Over-production would be discouraged by making a producer liable to pay a levy if he exceeded his allocated basic acreage level. Oats too received Elliot's treatment, much to the relief of Scottish farmers, for in February 1934 the import duty was increased 10% to 20%. As far as the beet sugar industry was concerned, the subsidy given in 1925 and due to expire in September was to be extended for eleven months to allow the Committee of Inquiry chaired by Wilfred Greene more time to consider its long-term future.

Apart from beef, however, Elliot's major anxiety at this time was the dairy produce situation. The basic problem was, like beef, one of a glutted market, in this case due to the increased milk produce supplies from the Dominions. There was currently a milk surplus of 20%. This had to be made into other commodities like butter and cheese but the manufacturing milk price was so low due to the oversupply of imported dairy

¹ 15 February 1934, 285 H.C. Deb. 5s col 2214.

² 19 December 1933, 284 H.C. Deb. 5s cols 1222-1230.

products that the whole price structure of the home milk industry was in danger of being undermined. As the Government was bound by Ottawa not to impose restrictions on Dominion dairy produce until August 1935, its only hope was to request voluntary cooperation. Australia and New Zealand, however, flatly refused to consider any quantitative regulation of their imports despite repeated appeals including representations made to their High Commissioners and to the respective Premiers at the time of the World Economic Conference. The chairman of the infant Milk Marketing Board had just returned from New Zealand where he had been sent to explain the predicament of home dairy producers. He had to report to Elliot on his return of the total intransigence displayed by the Dominions.¹

The depressing effect that the excessive cheese and butter imports had on the domestic manufacturing milk price constituted a very real threat to the survival of Elliot's milk marketing scheme. As with beef, he recommended to the Produce Markets Supply Committee the policy of a levy-subsidy on home, Dominion and Scandinavian butter and cheese which he thought might appeal more in the long term, especially to the Dominions, than the quota policy which they could only fend off for eighteen months. While negotiations were proceeding, measures should be taken to stimulate liquid milk consumption and to arrest the increase in milk that was having to be sold for manufacturing at the low rate and thus necessitating a considerable increase in retail

¹ WE meeting with Thomas Baxter, 8 November 1933, DO 9291/103, Dominion Office Papers, P.R.O.

prices to maintain present pool prices. Elliot suggested consumption could be stimulated by improving the quality of liquid milk and by increasing the milk-drinking habit by campaigns like cheaper milk in schools.¹ Runciman expressed his views on the subject in a memorandum submitted to the same meeting. He realised fully the urgency and complexity of the problem but doubted that Denmark or the Dominions would consent to a levy. He did however lend his support to Elliot's proposals for improving the supply by clearing up the herds and stimulating consumption. In addition he felt a case could be made for an inquiry into liquid milk distribution costs.²

In the discussion that followed,³ Chamberlain began by asking why it had not been realised that the establishment of a pool price would produce a large surplus by encouraging farmers to divert surplus milk previously turned into cheese and butter on the farm to the regional pool. Elliot replied that it had indeed been foreseen that such a thing would happen and the Milk Marketing Board had been empowered to accept milk from such quarters but it had just not been possible to deal with more than one crisis at a time. The first emergency had been the imminent collapse of the liquid milk price which had been prevented only by the Board's establishment. Then had come the problem now causing most concern - the impending butter and cheese price collapse due to increased Dominion supplies. The situation now

¹ WE memo. PMS (33) 3 of 7 December 1933.

² WR memo. PMS (33) 7 of 15 December 1933.

³ PMS (33) 4th meeting 18 December 1933.

was one where there was a considerable gap between liquid and manufacturing milk prices. Elliot proposed to average out the costs by a levy both at home and on imported milk products.

The Chancellor opposed the idea of a levy against home producers asserting the political difficulty of applying excise duty to any food prepared for domestic consumption. Elliot however pointed out that collection of the levy would be made by the Board and not the revenue machinery of the Treasury. Moreover, the levy on home produce was not a duty in the real excise sense but a "sweetener" to encourage the Dominions to give their consent. Elliot stressed that it was out of the question to refrain from action and that rather than acquiesce in such a course he would propose a scheme involving a direct subsidy to milk producers in Britain. Some of Elliot's colleagues favoured the idea of relating the whole facts to the Dominions, who seemed to be apprehensive about British intentions, and setting out the policy options. Baldwin suggested that a comprehensive agricultural policy should be drawn up to cover the next ten to fifteen years but Elliot disagreed entirely. He pointed out that since such a long-term policy would be bound to give only a minor allocation to the third factor, namely the foreign supplier, the Board of Trade would be put in an impossible position. Such a programme was contrary to his innate pragmatism but Elliot could not attack it along these lines. Instead he argued that such a policy should cover only the period up until the expiry of the Anglo-Argentine Agreement in November 1936.

Chamberlain disliked the complexity of Elliot's milk policy and certain of the proposals it contained. He favoured telling the Milk Marketing Board that it must be the body to take measures to encourage liquid milk consumption and if a subsidy was necessary then it should take the form of one for the general purposes of the Board. He did however agree with Elliot that such a scheme could be drawn up for a two year period without having to consult the Dominions and he suggested that he and Elliot should get together for that purpose.

The P.M.S.C. adjourned its consideration of the dairy products question pending these talks between the Chancellor and the Minister of Agriculture. On Chamberlain's initiative the matter was referred for detailed consideration to an inter-departmental Committee chaired by Sir Horace Wilson which duly reported on 12 February. That same day, Elliot received an anxious letter from the Prime Minister who had been besieged with complaints from Conservative M.P.s representing rural constituencies about the low returns for milk producers. Elliot replied that he and Chamberlain intended to examine the inter-departmental report immediately and if in accord would seek to have another meeting of the P.M.S.C. convened, the outcome of which would be brought before the whole Cabinet with a view to making a statement in the House of Commons.¹

The following day Elliot had another unfruitful meeting with a Dominion High Commissioner, Sir James Parr, of New Zealand.

¹ RM to WE & WE to RM 12 February 1934, RM Papers 30/69/1/6.

There was no movement whatsoever from the hostile attitude towards Britain's quota proposals.¹ In these circumstances, Chamberlain and Elliot had no alternative but to press ahead with the tight schedule envisaged for the consolidation and introduction of a two year milk plan. They were able to reach agreement on a tripartite policy which they recommended in a joint memo drawn up on 14 February for consideration by the Produce Markets Supply Committee.² The first proposal put forward was a price security arrangement by means of Treasury support of the manufacturing milk price for a period of two years after which the Board would take over the responsibility as well as being liable to pay back part of the advances if the manufacturing milk prices had risen in the interval. Secondly, there should be a campaign to clean up the milk supply. Finally, a Milk Publicity Fund should be established with £ for £ contributions by the Treasury and the Milk Marketing Board to stimulate liquid milk consumption, this last provision to include a cut price milk supply to schools.

In committee, Elliot conveyed his gratitude at Chamberlain's offer of such generous Treasury assistance.³ The interdepartmental report had completely rejected his levy-subsidy scheme but Elliot must have been well pleased with the alternative plan which at the outset he must have thought would not be entertained

¹ Meeting between WE and Sir James Parr, 13 February 1934.
DO 35/290/9291/143.

² Joint memo. by WE & NC. PMS (33) 8.

³ PMS (33) 5th meeting, 16 February 1934.

by a Chancellor who had in the past opposed any suggestion of agricultural subsidies, repayable or otherwise. The tripartite policy was an adequate response to the milk difficulties and had the additional advantage of avoiding for the present fractious discussions with the Dominions.

The P.M.S.C. agreed to recommend the milk policy to the Cabinet which in turn approved both the committee's report and Elliot's proposed statement.¹ In his statement to the House of 22 February 1934, Elliot gave the details of his tripartite policy: the Government would for a period of two years from 1 April guarantee a price of 5d per gallon in summer and 6d in winter to both liquid and manufacturing milk; £750,000 would be spent over four years to initiate a campaign thereafter funded by the Milk Marketing Board to clean up the herds and produce a purer milk supply; and the Government would contribute £1 per £1 with the Board up to a maximum of £1 million over two years to a milk publicity fund to stimulate liquid consumption, it being understood that cheaper milk in schools had to be introduced as part of the deal.²

Legislation to implement the new milk policy was intended to be introduced to Parliament early in April. Elliot, however, became ill and had to undergo a minor operation followed by six weeks' convalescence. His absence presented certain parliamentary problems. It was decided to postpone consideration of the milk bill and also legislation dealing with the beet sugar

¹ Cab.6 (34) of 21 February 1934.

² 22 February 1934, 286 H.C. Deb. 5s cols 503-504.

industry until his return to Westminster. Other parts of his legislative programme did go ahead however as planned, with Burgin, Skelton and Ormsby-Gore doing Elliot's work in the Commons while de la Warr performed his usual duties as Parliamentary Secretary in the Lords.

One major debate in Elliot's absence was that on the Estimates for the various marketing boards which provided the Government with an opportunity to expound and defend their principles and operations. Ormsby-Gore made an eloquent speech on behalf of his absent colleague. It was, he asserted, too premature to pass judgement on the marketing schemes for apart from that concerning hops, all were still in their initial stages. However, it was beyond all doubt that British agriculture could not survive without measures of protection and organisation of which these boards were an integral part. Of course there were problems but these could be worked out and he appealed for patience.

"It really would be a most serious thing for British agriculture if impatience, if restlessness because the new marketing boards cannot work a revolution, cannot produce an entirely new order of things in the first 12 months cause them to be condemned as failures."¹

The most important discussion on agricultural policy however that took place during Elliot's indisposition and absence from Westminster came during the debate on Dominions Office Supply on 7 May. Herbert Samuel, so often the butt of Elliot's

¹ 9 April 1934, 288 H.C. Deb. 5s col 52.

Corrison, launched a full-frontal attack on the absent Minister of Agriculture in the course of moving the reduction in the Vote. Samuel's main contention was that the National Government's trade policy was one of restriction and contraction causing grave anxiety to the Dominions. Britain was following a policy of economic nationalism and self-sufficiency which contributed to the decline in international trade and growth in unemployment. Samuel asserted that the cause behind the National Government's pursuit of such a policy was none other than Elliot himself.

"I am afraid that the cause is absent from the House to-day, owing to indisposition. We all regret the absence of the Minister of Agriculture. He is the real reason; those who belong to the school of thought that he represents are the reason why the Government, which has itself condemned economic nationalism and regrets it, is one of the most active participants in the movement."

Samuel accused Elliot of basing his policies for the agricultural industry to an absurd extent on the assumption that inaction was unthinkable whereas parliament and the nation would forgive errors.

"He is rather like a man learning to ride a bicycle. He does not mind very much in what direction he is going. He lurches from side to side, to the dismay and terror of pedestrians, but he has to go on for fear of falling off. He goes on, and the faster he can go the more likelihood there is that he will be able to maintain the perpendicular."

Samuel stressed the adverse effect Elliot's measures was having on imperial relations and accused him of reverting to the

¹ 7 May 1934, 289 H.C. Deb. 5s col 1761.

Corn Law era. The economic theory propounded by Elliot was that which would result in the same decline in commerce, the same fall in the standard of living and the same depression in the agricultural industry as had happened when in the past the belief in economic nationalism was at its peak in the early part of the 19th century. Elliot was not, declared Samuel, the progressive thinker he thought himself to be but an apostle of reaction.

"The Minister is not the radiant pioneer of a brave new world that he thinks he is; he is a political Rip Van Winkle who has awakened after a sleep of 100 years and is propounding in 1934 the ideas of 1834."¹

Leo Amery, representing the die-hard imperialists on the Conservative back benches was also critical of the Government's trade policy, in particular attacking the concessions made to the Argentine. He voiced the widely-held belief at Westminster that Elliot and Runciman were in constant conflict over trade and agricultural policy.

"The Minister of Agriculture has one policy, the President of the Board of Trade has an entirely different policy; and the rest of the Cabinet are in the clouds en route for Geneva or wherever it may be, and pay little attention to these matters."²

Lloyd George too perceived contrasting opinions in the Cabinet. He supported Elliot in his endeavours but asserted the Government was moving in a contrary direction. The basis of Britain's imperial trade commitments had to be altered or Elliot's work

¹ 7 May 1934, 289 H.C. Deb. 5s col 763.

² 7 May 1934, 289 H.C. Deb. 5s col 775.

would be in vain.

"The Minister of Agriculture is trying to reorganise the agriculture of this country, but every attempt he makes is bound to fail unless the Agreements which were greeted with such joy and such extravagant praise two years ago are altered."¹

This sentiment that Elliot was being frustrated in his enthusiastic attempts to reconstruct the agricultural industry by Cabinet colleagues and trade agreements was echoed in most parts of the House. The debate showed, once again, that M.P.s on both sides when criticising the Government's policy portrayed Elliot as the would-be saviour of British agriculture obstructed by the incompatible policy pursued by the President of the Board of Trade and the short-sighted Ottawa Agreements. As evidenced by their leader's invective, the Samuelite Liberals did not share this general sympathy expressed for Elliot and his exoneration from charges of government lethargy and muddle-headedness. The other conceivable exception, the imperialist wing of the Tory Party, may have disapproved of measures taken to restrict Dominion imports but regarded Elliot as the man to support against their bête noir, Runciman, in the hope that British and Dominion farmers would share the bulk of market between them with tariffs being imposed against foreign supplying nations.

Upon his return to Westminster, Elliot introduced the Milk Bill. This was in a way his pet project of his years as the Minister of Agriculture, especially the provisions to encourage

¹ 7 May 1934, 289 H.C. Deb. 5s col 790/1.

the development of a milk-drinking habit. The nutrition aspects of the product appealed to him greatly, believing as he did that the consumption of more milk by poorer families would do much to alleviate diet deficiency and improve general health. He had of course worked for many years to promote milk drinking both under the auspices of the Empire Marketing Board and as an M.P. piloting a Private Member's bill through parliament, authorising schools in Scotland to supply reduced price milk. So milk was a subject in which Elliot had a very great interest not just as a Minister of Agriculture but as a scientist and doctor seeking to encourage milk consumption on medical and social grounds.

The Labour Party did not oppose the Milk Bill in principle but attacked it for not going far enough in its provision for cheap milk for the needy. It contended that milk should be supplied free in schools with the effect of creating a milk consciousness in the young generation while at the same time solving to a large extent the milk surplus problem. Stafford Cripps put forward the idea of a two-tier manufacturing milk price with that receiving the higher rate being given to schools. Cripps proposed that half the surplus 180 million gallons should be bought by the Government at 8d per gallon and given free to schools while the remaining 90 gallons would fetch 3d per gallon from manufacturers. All producers could still receive the intended 5d price but the difference would be that the surplus would be subsidised to be given to school children instead of being made into cheese and butter.¹ This analysis, described

¹ 7 June 1934, 290 H.C. Deb. 5s cols 1138-1149.

by Skelton as "a beautiful arithmetic calculation"¹ took no account of distribution costs and was rejected on this and other grounds after elaborate financial argument in the Commons.

The Bill spent two days in Committee where the Opposition argued in favour of making the subsidy payable for just one year while the government evolved a bigger and better scheme. To this, Elliot responded that it had taken him more than twelve months to consider all sides of the question and come up with the present scheme. It would not be possible to work out a scheme covering the entire liquid milk and milk product supply within a year due to Dominion intransigence.

"Persuasion has been tried to the utmost, and the Dominion countries, which we can only persuade and argue with and not compel, have not found it possible to come within any such scheme."²

This being so, the subsidy had to cover the two year period up until such time as the government was free to take measures of quantitative control against imperial dairy products.

The Opposition's one year amendment was rejected as was a move by some Tory backbenchers to have a maximum figure put on the proposed subsidy. This was led by Harry Crookshank who likened Elliot's change of attitude from Financial Secretary to Minister of Agriculture as "a classic example of gamekeeper turned poacher."³ Another Opposition amendment was proposed to ensure that at least 50% of the money given to the publicity

¹ 7 June 1934, 290 H.C. Deb. 5s col 1217.

² 13 June 1934, 290 H.C. Deb. 5s col 1823.

³ 13 June 1934, 290 H.C. Deb. 5s col 1829.

campaign would be spent on subsidising milk for school children and mothers with babies, and other deserving cases. Elliot reassured the House that it was proposed to spend at least 6/7ths of this for these purposes. When pressed by Cripps for further details, Elliot declared that it was intended to devise a scheme based on that presently operated by the National Milk Publicity Council through which 9,000,000 school children received 1/3 pint every weekday for 1d. At the moment, the Milk Marketing Board was negotiating rates with the distributors and it was hoped to reduce the price by 50% and extend the scheme to cover millions.¹

The remaining stages of the Milk Bill passed through the House without much ado with no division on the Third Reading. The subsidy underpinned the milk market at a time of glut and depressed milk product prices due to a plethora of Dominion imports. The measures to clean up the herds represented a significant start, although on a small scale and long overdue, to purify the nation's milk supply. Finally the campaign to increase consumption by the two methods of sample as with the milk-in-schools scheme and publicity taken in conjunction with the improvement in quality had much to do with the fact that in contrast to most other European countries, milk drinking in Britain began to show a steady rise from the 1930's. Elliot himself participated in the campaign to increase consumption by visiting some schools when the scheme started on 1 October,

¹ 19 June 1934, 291 H.C. Deb. 5s cols 339 & 344.

appearing in the daily newspapers taking the liquid through the obligatory school straws.

The other piece of legislation postponed until Elliot's return to Parliament was the final stages of legislation to extend the beet sugar subsidy for eleven months from 30 September to allow the committee of inquiry chaired by Wilfred Greene more time to consider the long-term future of the industry. Moving its Second Reading on 19 March, Elliot had declared that the question to be asked was whether or not the stage had been reached where a final pronouncement on the pros and cons of the sugar subsidy experiment started by the 1925 Act could be made. He felt that it had not and that further investigation of the whole issue should be made.¹ As he expected, Samuel made an extremely critical speech in which he reminded the House that the intention of the 1925 Act had been that the beet sugar industry in Britain would, nurtured by state assistance for ten years, become self-sufficient. This had not occurred. The industry remained uneconomic at a time when the world glut meant that cheap supplies could be imported. He attacked too the long delay between Chamberlain's announcement of the committee of inquiry in March 1933 and its actual commencement of operations.² Samuel repeated these protests during the Third Reading on 29 June which nevertheless passed without division.

In July, Elliot had the opportunity of reviewing the agricultural position and defending his policies during a lengthy

¹ 19 March 1934, 287 H.C. Deb. 5s cols 972-983.

² 19 March 1934, 287 H.C. Deb. 5s cols 992-1003.

debate on supply. After dealing with the various branches of agriculture, Elliot went to more general matters. He spoke of farming problems perhaps requiring irrational solutions.

"It may be that they will not be solved by the blunt application of logical principles but will be solved by the working out of a practical remedy which may very easily defy logic altogether."¹

He declared that a hopeful beginning had been made with the improvement in price levels and wages but although the tide had quite definitely turned, there was a very long way to go. On the question of the claims of the home producer vis-à-vis those of the foreign supplier he made his feelings quite clear.

"No hon. or right hon. Member needs to urge me to greater vigour in favour of the agricultural producer. I have a certain amount of hereditary connection with the agricultural industry and I have a connection today as an agricultural producer myself. To urge me to be more and more rigorous against the foreign importer is like asking the cat to be more and more careful of the cream so that no other cats can apply."²

He went on, however, to stress his awareness of the necessity to balance the interests of trade and agriculture, working in harmony with his colleague at the Board of Trade. Runciman, declared Elliot, had a difficult job which would be made much easier by ignoring one side of the problem, namely the home agricultural interest but of course that was unthinkable. All those involved in negotiating trade agreements had to consider all sides of the question — with agriculture now receiving long

¹ 9 July 1934, 292 H.C. Deb. 5s col 44.

² 9 July 1934, 292 H.C. Deb. 5s col 138.

overdue attention, it was imperative not to forget the interests of Britain's other industries and export trade as had happened when the position had been reversed.

"Let us not, as agriculturalists, imitate the terrible errors which the industrialist committed in the 19th century. Let us not blind ourselves now to the interests of industry as the industrialists then blinded themselves to the interest of agriculture."¹

In the course of this debate, Elliot referred only briefly to the mainstay of British agriculture, the beef industry. He said only that a statement would be made before the summer recess. Behind the scenes, every aspect of this critical issue was being urgently discussed by the Produce Markets Supply Committee and by the full Cabinet. The whole question of beef was a pressing one, not just because of the troubles of the home producer but because of the imminent expiry of the Ottawa pledge against statutory meat quota control against the Dominions. In March, Elliot had submitted a progress report on the beef situation to the P.M.S.C. He reported that supplies from all sources were up on the equivalent 1933 period and in consequence prices continued to fall. However, although no improvement could be expected in the second quarter, there seemed no prospect of a sudden collapse. Elliot saw no alternative to "a wait and see policy" for the immediate future but pressed strongly for a speedy decision on the question of opening negotiations with the Dominions to formulate the beef policy to

¹ 9 July 1934, 292 H.C. Deb. 5s col 138/9.

be adopted after the 1 July expiry of the Ottawa commitment.¹ The Produce Markets Supply Committee had in March given full backing to the proposed discussions to be conducted by Elliot, Thomas and Runciman. Negotiating tactics were also discussed, there being general agreement that the British case be put to the Dominions in an exaggerated version with the proposals put forward to be of "a more drastic nature than the proposals which we should ultimately be prepared to accept as settlement."²

In his March memorandum, Elliot had only referred briefly to his December 1933 levy-subsidy proposals, acknowledging that his colleagues had deferred their consideration and asserting that he had no intention of raising the issue again at the present time. It is remarkable therefore that at its next meeting held three months later, the levy-subsidy principle was endorsed by the Produce Markets Supply Committee. It was to be the basis of the Government's beef policy and the keystone of its negotiating briefs for three years. The emphasis did change somewhat in that it was at first envisaged that moderate quantitative regulation should complement the levy-subsidy but later this proviso was all but abandoned in the hope of facilitating agreement with the Dominions and the Argentine.

Elliot in his memorandum to the all-important seventh meeting of the Committee held on 12 June 1934 outlined five alternative beef policy options. The first possibility involved

¹ WE memo. PMS (33) 9 of 21 March 1934.

² PMS (33) 6th meeting, 26 March 1934.

further cuts against foreign suppliers with increased quantitative restriction against the Dominions. Secondly there was the levy-subsidy scheme as operated in the case of wheat. Then there was the option of a straightforward tariff. A combination of quotas and levy-subsidy offered a fourth policy choice. The fifth and last was a short-term option, that of quantitative regulation combined with repayable advances to home beef producers. Elliot pointed out that while the Government was at liberty to impose regulation on Dominion beef exports from 1 July, the degree of restriction necessary to raise wholesale prices would be extremely drastic. He reminded the Committee also of Britain's treaty commitments against meat duties and thus the implementation of any of the middle three policy options would have to be by consent of the Dominions and the Argentine - negotiations towards such an agreement would in all likelihood be long, delicate and necessitating concessions in return. So, while making no recommendations as such, Elliot's memo was weighted in favour of the fifth option, that of a short-term supply regulation programme plus a subsidy to home producers pending the formulation of a longer-term policy.¹ Elliot had in no way changed his mind on his levy-subsidy proposals but recognised the time factor dictated the necessity for a short-term policy while the ground was prepared for a more permanent one.

Thomas, too, submitted a memo for the Committee's consideration.

¹ WE memo. PMS (33) 11 of 31 May 1934.

He asserted that all five options would displease the Dominions since they would involve the diminution of conventional rights for the purpose of assisting British producers. He believed that to have any hope of securing Dominion agreement, it was imperative to put the Dominions fully in the picture as far as plans for the development and expansion of the home industry were concerned. He accepted, however, the urgency of the meat situation and was prepared to contemplate a short-term subsidy as a temporary expedient to allow time to formulate a considered policy.

In his memo, Thomas continued his campaign to inject continuity and planning into what he regarded as a fragmented and piecemeal agricultural policy. He returned to his assault on the agricultural policy to date.

"The alternative is to continue, as we have hitherto done, to make ad hoc arrangements, unrelated to one another, in relation to each commodity, in order to meet specific crises as they arise. Such a policy merely postpones our difficulties. It does not remove them. We cannot hope or so it seems to me, to arrive at any permanent solution of these difficulties until we ourselves know what we want to do with our own agricultural industry. Meanwhile every vested interest, that we allow to grow up, every grievance (justified or unjustified) that we create renders an ultimate solution more difficult."

He took the view that a long-term comprehensive agricultural programme should be formulated incorporating plans for the future development of British agriculture. Decisions had to be taken to what extent if any the home industry should be expanded. Thomas, himself believed in only limited expansion

in certain areas.

"That our agricultural industry should not be allowed to decay will not be disputed by anyone: but I conceive that it may be more profitable to the nation as a whole to aim at a limited agricultural development rather than at a more extensive agriculture which can only be made remunerative by quotas, duties, or other extraneous assistance, and may well inflict serious injury on our external trade."¹

During the Committee discussions, Chamberlain came to Elliot's defence against Thomas's criticism by emphasising that each product required special, individual consideration and action. He was unimpressed at the Dominions' interpretation of Ottawa but felt that since a growth in population would hold out the possibility of a larger market, it would not be in Britain's commercial interest to antagonize the Dominions by imposing severe restriction on meat supplies. He preferred instead the levy-subsidy long-term policy option. Runciman too saw it as the least objectionable alternative although he asserted that the meat situation was not as serious as Elliot was making out and recommended reconsidering the whole position. Baldwin too supported the levy-subsidy proposal, preferring it to the prospect of further regulation, but he recognised that an interim policy was essential.

Elliot summed up the position before asserting his policy preference. Action of some kind had to be taken at the end of the month. So as far as immediate implementation was concerned, the levy-subsidy policy was impossible. Legally, a strict quota

¹ JHT memo. PMSC (33) 12.

could be enforced against the Dominions but politically it would be undesirable. He preferred therefore to make deficiency payments to home producers. The Committee agreed that such a course would be the best solution, that it should be examined in detail by Interdepartmental Committee with consideration of the various possibilities of funding such payments including that of the levy, and that Elliot should draw up a memorandum on the outcome of the investigation.¹

The Produce Markets Supply Committee at its crucial seventh meeting therefore reached two conclusions, namely that it was necessary to have both a short-term and a long-term beef policy and that the former should take the form of deficiency payments to home producers. In addition, it had reached informal agreement that Elliot's levy-subsidy proposal be adopted as the long-term policy intention. Thomas, however, still had misgivings about it and its possible reception by Britain's trading partners. He conveyed these doubts in a letter to Elliot with copies to Chamberlain and Runciman. He asserted that such a policy involved at root the subsidy of British agriculture by that of the Dominions and the Argentine, a situation which would provoke friction and retaliation. If, on the other hand, an import duty with imperial preference was coupled with Exchequer deficiency payments, the result would be the same in substance but the different form would be more acceptable. The Dominion producer would not in that event feel he was subsidising

¹ PMS (33) 7th meeting, 12 June 1934.

his British counterpart yet the amount raised could be that agreed payable by the Exchequer to the home producers.

"The fact that the U.K. Government had decided to pay a subsidy to the U.K. farmer would be a matter which would not directly concern him. But he would, I feel sure, object to being made to pay that subsidy himself, even though the financial effect of a duty, so far as he was concerned, was the same."

In other words, while the end result would be the same as Elliot's earmarked tariff proposal, the mechanics should prove less objectionable. Finally, Thomas made the more tangible point that were the deficiency payments to depend directly on the levy then either had to be variable, a prerequisite that must be disagreeable to both parties.¹

The Produce Markets Supply Committee held its next meeting on 18 June to discuss Elliot's memorandum expanding on the second option, namely the levy-subsidy, taking the findings of the Interdepartmental Committee into consideration. Elliot pointed out that a decision must be made as to what if any quantitative regulation should be retained to operate in conjunction with the levy-subsidy and whether a levy should be put on all meat or just beef. He recognised the view, as put forward at the last meeting by Thomas and Runciman, that the most practicable course would be to give up the right of statutory restriction in return for the acceptance of the imposition of a levy. Elliot, stressing the necessity of a Government statement, asked that the Committee decide whether

¹ JHT to WE, 14 June 1934, DO 35/317/9513.

to advocate Cabinet authorisation of entering into discussions towards replacing the right of compulsory quota control with a policy of import levy by consent. Secondly, the Committee should determine whether, pending the completion of such negotiations, the Government should enact an interim policy.¹

The P.M.S.C. discussed three possible bases for negotiating acceptance by the Dominions and the Argentine of the levy as the long-term policy. The first was that Britain would lift all compulsory regulation in return for agreement to an import levy on all meats. The second option was to seek a levy to replace statutory restriction on beef alone leaving the Government free to quantitatively regulate other types of meat. Finally, Britain could propose the retention of partial regulation coupled with the imposition of a levy on all meats with the Dominion supplies being stabilised at the present level. Elliot advocated the first basis but most of his colleagues preferred the second for a variety of reasons, mainly that it would leave the successful regulation of mutton and lamb untouched while the fact that most of such a beef levy would come from the Argentine would appeal to the Dominions. Elliot accepted the majority view on the understanding that while the talks began with beef, the whole meat situation would have to be discussed. The Committee agreed that Baldwin should report proceedings to the Cabinet and ask authority to open negotiations with the Dominions and the Argentine, the scope of which should be all-embracing. At the same time, it asked the Interdepartmental

¹ WE memo. PMS (33) 15 of 15 June 1934.

Committee to draw up two schemes, one based on the levy-subsidy as the Government's long-term policy objective and the other consisting of temporary measures to be enacted pending the former's achievement.¹

The Cabinet approved its Committee's recommendation and actions the following day on 19 June.² The next step, while the interdepartmental committee was at work on the two schemes, was a preliminary meeting between Elliot, Thomas and Dominion representatives, the outcome of which seemed hopeful. Thomas asserted that Britain would, as she was legally entitled to do after 1 July, extend her policy of supply restriction unless another policy could be agreed whereupon the Dominion spokesman had suggested an import levy, and the imposition of 1d duty on all meat with 50% imperial preference had then been discussed.³ This Elliot and Thomas related to their colleagues at the next meeting of the Produce Markets Supply Committee on 2 July. It had before it the Report from the Interdepartmental Committee chaired by Howell-Thomas, Permanent Secretary at the Ministry of Agriculture. The Report contained no figures but was merely a discussion document split into two parts, the first dealing with the long-term proposals and the second with an interim scheme to be based on deficiency payments, voluntary regulation or a combination of both.⁴ Elliot submitted too a memorandum on the short-term policy in which he urged a generous measure of

¹ PMS (33) 8th meeting, 18 June 1934.

² Cab.25 (34) of 19 June 1934.

³ DO 114/55/138.

⁴ Interdept. Committee Report PMS (33) 18 of 26 June 1934.

assistance for the home producer.

"The conclusion seems inevitable that the deficiency payment during the interim period must be substantial, so that we hold the position if possible, and in any event show a real effort on the part of the Government to insulate the home producer from the full effects of the heavy fall in the beef markets. This is the more necessary since, pending negotiations, we are ~~re~~fraining, on grounds which are admittedly those of high policy, concerned with other economic and political considerations, from taking the action which lies within our powers."

Elliot advocated that for the interim period a scheme involving the least operational problems should be adopted, namely that of a flat-rate deficiency payment for six to eight months. On the assumption that Dominion supplies were stabilised at the present level, Elliot recommended a subsidy of 7/9d per cwt. to bring the producer's return back to 44/6d, the Ottawa year level. Such a scheme would cost in the region of £3 million. Elliot concluded by emphasising the urgency of the situation. It was necessary to introduce and get passed legislation before the summer recess if the scheme was to begin to function in the autumn.¹

During the discussion, Thomas made the very crucial point that a direct subsidy would make negotiations with the Dominions more difficult since they would interpret it as a sign of Britain's reluctance to exert her legal rights as far as quantitative regulation was concerned. They would therefore not respond in the same way to any threats of drastic cuts as

¹ WE memo. PMS (33) 19 of 29 June 1934.

the alternative if no agreement could be reached on the levy-subsidy proposal. After an abortive debate on the practicability of a short-term policy based entirely on a programme of restriction, the Committee went on to agree that in the case of beef, unlike wheat, a fixed levy with a variable price was the desired objective, not a variable levy with a fixed price. At this point Chamberlain put forward his own policy proposals. On the assumption that the import levy would be 1d on foreign and $\frac{1}{2}$ d on Dominion beef, there would be accumulated sufficient funds to pay the home producers 6/- per cwt. However, he advocated a subsidy of 5/- with the surplus income being used to repay the Exchequer advances to be paid pending the implementation of the full levy-subsidy policy. The interim deficiency payments should, recommended the Chancellor, be at the same rate.

Thomas endorsed this scheme as did Burgin in attendance on behalf of Runciman. Elliot asserted his readiness to investigate it, a sentiment encouraged by Baldwin who reminded the Committee that previous schemes had been unpalatable to Chamberlain and the Treasury. It was then formally agreed that the proposals be examined by the Ministry of Agriculture and the Treasury. Apart from recommending the continuation of the negotiations with the Dominions, the Committee put its attitude towards a long-term policy in more concise terms than previously. It agreed that there should be a measure of quantitative regulation complementing a fixed levy with the proceeds of the latter being used to make deficiency payments to the home producer.¹

¹ PMS (33) 9th meeting of 2 July 1934.

On 11 July, immediately before the conclusive Cabinet meeting on the interim measures, Elliot and Thomas met the Dominion High Commissioners, the second in a series of negotiations between 4 July 1934 and 11 February 1935.¹ The British Ministers had reiterated their intention to enact a short-term policy of deficiency payments combined with a regulated import programme. At the same time they warned the Dominion representatives that drastic restriction would be imposed in the longer term if agreement was not reached on the levy proposal which, contrary to their Commissioners' readiness to at least consider it, had already provoked initial hostile reaction from the Dominion Governments.

Baldwin in his capacity as P.M.S.C. Chairman submitted a memorandum for Cabinet consideration spelling out the Committee's considered meat policy: the long-term policy objective was the operation of a levy-subsidy combined with a measure of quantitative import regulation; the 1d levy with 50% Imperial preference would be on all meats excluding bacon with all the proceeds going into a special fund to pay a subsidy to home producers; and the rate of the levy and the deficiency payment would be such that the Exchequer would recoup any advances made prior to the agreement to and imposition of the levy.² At the same time, Elliot presented a draft of his Cattle Industry (Emergency Assistance) Bill providing for deficiency payments from 1 September

¹ Proceedings of the conference between the U.K. and the Dominions on the Meat Situation, July 1934-February 1935: TS/R/16 in Cab.27/567.

² SB memo. CP 182 (34) in Cab.24/250.

1934 until 31 March 1935. During a discussion on the likely outcome of the levy-subsidy negotiations, Thomas asserted his belief that the Dominions would not consent to the proposed rate of levy and reminded his colleagues of the crucial fact that in the absence of voluntary agreement, no duty could be imposed against the Dominions until the expiry of the relevant Ottawa commitment in August 1937. Chamberlain, however, felt that Britain might be able to persuade the Dominions that a meat levy would be less onerous on them than a quota. He recognised however the considerable risk that the advances to be made to the home producers might not be recoverable. Elliot and Runciman were in agreement for once that in the event of Dominion rejection of the levy, the response should be an immediate quota.¹

As approved by the Cabinet, Elliot made a policy statement in the House of Commons. He explained that after careful consideration the Government had decided to seek a levy-subsidy with some quantitative control. Pending agreement to that, a bill would be introduced to provide for a deficiency payment of a maximum of 5/- per live cwt. and 9/4d per dead weight for a period not exceeding six months from 1 September.² Later in the day, after a meeting of the Ministers directly involved, the Government issued a White Paper expanding on its meat policy proposals.³

¹ Cab.28 (34) of 11 July 1934.

² 11 July 1934, 292 H.C. Deb. 5s col 321-4.

³ White Paper: The Livestock Situation Cmd 4651.

The Cattle Industry (Emergency Provisions) Bill was introduced on 17 July, passed through the Commons within a few days, receiving royal assent on 31 July. This expeditious time-table was of necessity in order to get the measure on the statute book before the summer recess to enable the first deficiency payment to be made to the home beef producer on 1 September. Elliot must have regretted that his Parliamentary Secretary was not in the Commons to share the work-load during four days of lengthy debate, coming as it did at the end of what had been for him an extremely busy session. His first speech on the bill took the form of a review of the circumstances which had led to the Government's decision to make deficiency payments to the home beef producers. Speaking on the money resolution on 16 July, Elliot emphasised the gravity of the beef position highlighted by the fact that the index figure for fat cattle had slumped from 122 in 1931 to 94 at the present time. Supplies from the Argentine had been greatly reduced but had been offset by an enormous expansion in Dominion exports. At a time of falling demand, the home producer had found himself with a declining share of the market and was as a result in a critical situation.

Elliot reviewed the various policy options the Government had considered and informed the House of the lack of progress so far in the negotiations with the Dominions on the levy-subsidy proposal. The talks would continue but in the meantime, he declared, steps had to be taken to assist the home producer. Elliot stressed that should there be no agreement to the levy

by the time the temporary subsidy expired in March 1935, then a policy of strict supply regulation would be enacted.¹

Undoubtedly, Elliot meant his words to reach the Dominions, making absolutely clear that the National Government would employ its legal right of quota control unless its levy-subsidy proposal received endorsement. The Opposition made little contribution to the debate but their reticence was more than made up for by the ever-vocal tariff wing of the Conservative Party. It welcomed the shift in Government policy away from quantitative regulation towards protection by tariffs and while preferring a straight import duty, was not averse to the idea of a levy-subsidy. Boothby summed up his colleagues' feelings when he asserted that the beef subsidy was "the price that we have to pay for 10 years of deflation, for the Ottawa Agreements, for the Argentine Agreement, and for the conscience of the President of the Board of Trade."² The debate was wound up by Noel Skelton who assured the House that it need have no fear of the long-term policy failing - it would either take the form of quantitative regulation or levy and the respective precedents of mutton and wheat had proved success was possible. Skelton in true Tory progressive vein commended the idea of a temporary subsidy to see an industry through difficult times, saying he could not see "a more useful application of national finances than to support at a time of crisis an industry which is not far off being on a

¹ 16 July 1934, 292 H.C. Deb. 5s cols 800-814.

² 16 July 1934, 292 H.C. Deb. 5s col 836.

sound basis, but which needs a little extra to tide it over the crisis."¹

On the Second Reading on 19 July, Elliot dealt with the bill's actual provisions. The bill sought to establish a Cattle Fund with a maximum £3 million resources out of which payments would be made to producers of steers and heifers. It also provided for the establishment of an advisory Cattle Committee. He rejected the Opposition's argument that reorganisation was a necessary prerequisite to an industry being granted assistance on the grounds that unless a remunerative price level was restored, reorganisation alone could not preserve the industry, the process of rationalisation in any case taking a long time.

"It is more important to have an industry to organise than to have the organisation without the industry and the danger before us was that this situation would lead to a widespread crash in the beef-raising industry, and certainly a crash which mere reorganisation as such would not fully avert."²

Elliot reminded the House of one of the principles of his 1933 Agricultural Marketing Act whereby if a marketing, reorganising scheme was under consideration, it was in order to give temporary assistance to the branch of the industry in question.

"To say that we should postpone all action until reorganisation has taken place, is to say that when a house is burning we should summon an architect rather than ring for the fire brigade."³

Leo Amery, one of the leading members of the imperialist, protectionist wing of the Conservative Party, made a forthright

¹ 16 July 1934, 292 H.C. Deb. 5s col 895.

² 19 July 1934, 292 H.C. Deb. 5s col 112.

³ 19 July 1934, 292 H.C. Deb. 5s col 1297/8.

attack on Ministerial disunity. While respecting individual ability, he criticised the ineptitude of the Cabinet as a whole on the development of trade and agricultural policy. He declared that "nothing could have been more incompetent from start to finish than the handling of this meat business over the last 24 months."¹ This was due, asserted Amery, to the lack of co-ordination between departments which resulted in turn in a lack of continuity in policy. Instead, the initiative went from one Minister to another, in the case of trade and agriculture between Runciman and Elliot to the detriment of the national interest - "when Walter disagrees with Walter, the taxpayer has to foot the bill."²

On the whole, however, the Cattle Industry Bill was well received. The various ad hoc groupings of the Conservative Party lent their support with the Scottish M.P.s particularly enthusiastic since their area had not benefitted from the wheat quota whereas beef production made up more than half of the Scottish agricultural industry compared with one third in England and Wales. The tariff wing was amenable to the temporary policy in the knowledge that the Government's new long-term objective was a variation on the tariff policy it had advocated for so long against the idea of quotas. All those on the Government backbenches who took part in the Second Reading debate complimented Elliot on his endeavours and expressed their confidence in his handling of agricultural policy.

¹ 19 July 1934, 292 H.C. Deb. 5s col 1322.

² 19 July 1934, 292 H.C. Deb. 5s col 1323.

The Labour Party employed the emotive argument that the subsidy preserved the production of the rich man's meat at the expense of the poor consumer who bought the lower quality foreign meat. In response, Elliot put forward the counter-argument to the cheap food gospel, giving as an example the futility of miners paying such a small price for meat and bacon that the Argentine could not afford to buy coal from Britain. Bankruptcy of the primary producer was of no advantage to those involved in secondary industries. Elliot also criticised the Opposition for their blithe advocacy of rationalisation, pointing out that the extent necessary to bring real improvement in beef prices would require many redundancies. On the whole, however, the Labour Party's opposition to the measure was muted with spokesmen like Williams and Grenfell quite obviously not against the measure. The moderate attitude yet considerable interest shown by the Labour Party was commended by Elliot.

"One of the encouraging features of the present agricultural situation is the interest taken by the Labour party in the plight of agriculture, and the determination which they show in their speeches not to down idly and see agriculture decay but to take steps and vigorous steps if necessary - to put the position right. We quarrel, of course, with many of their remedies, but with their approach we all agree; and those of us who hope for continuity of policy in the future look on this as one of the best auguries for bringing it about."¹

If Labour's reaction to Elliot's beef policy was not one of outright opposition, in other quarters the position was quite different. The Dominions, primarily Australia and New Zealand,

¹ 24 July 1934, 292 H.C. Deb. 5s col 1727/8.

adopted a hostile and bitter attitude from the outset. They believed the mother country should give them free and unrestricted access to her markets and while they might agree to temporary controls to avert a crisis situation, they were totally against a long-term policy of quantitative regulation or levy-subsidy. Unwilling to take account of other trading commitments and political realities, the Dominions' case was that Britain's meat market problems should be solved by means of action against foreign suppliers, in this case chiefly the Argentine. It is quite clear that the granting of a deficiency payment to her home producers severely weakened Britain's negotiating stance with her obdurate Dominions. This danger was seen at the time but it is even more apparent in retrospect. Reading through the minutes of the discussions between Britain and the Dominions which began in the summer of 1934 and continued at different levels for two long, frustrating years, it is abundantly clear that the Dominions recognised the National Government's threat of drastic quantitative regulation for the bluff it was. It is true that at times individual Cabinet Ministers, in exasperation at the recalcitrance of particularly Australia, advocated imposing the quota alternative. For political reasons, however, not least of which was the strong imperialist sentiment in the Cabinet, Parliament and indeed in Britain as a whole, drastic action of this kind was the last resort and this the Dominions knew only too well. Throughout the drawn-out negotiations, the Dominions felt able to maintain their hostility to the levy-subsidy proposals in the firm belief that Britain would extend the period

of Exchequer assistance to her home producers rather than take punitive action against them. In this conviction, the Dominions were vindicated.

Even in the initial stages of the negotiations, the Cabinet could not be too confident of its ability to secure Dominion and Argentinian consent to the implementation of its levy-subsidy proposals. It certainly hoped that some sort of agreement on that basis could be reached but from the outset the signs were not propitious with initial Dominion reaction being extremely discouraging. The Produce Markets Supply Committee met on 25 July to approve the meat import programme for July-December which had been drawn up by the Interdepartmental Committee as the other ingredient in the Government's short-term policy.¹ The shipment figures were then related to the Dominions not as a basis for discussion but as a *fait accompli* when Elliot and Thomas met the High Commissioners two days later.² The two Ministers agreed to a request for separate programmes to be sent to the Dominion governments. The reaction, with the exception of South Africa, was not favourable, indeed the telegrams from Australia and New Zealand, as described by Thomas to his colleagues at the Cabinet meeting before the summer recess, indicated total opposition to any restriction whatsoever. Clearly, with the Dominions in an uncompromising mood from the beginning, prospects for a successful outcome to the negotiations were not good.

If Dominion inflexibility necessitated modification of

¹ PMS (33) 10th meeting, 25 July 1934.

² T.S/R/16 4th meeting, 27 July 1934.

Elliot's plans for the reconstruction and development of British agriculture, so too did the increasing influence and effectiveness of his critics within the National Government itself.

Counter-arguments to Elliot's policies and aims put forward by the Board of Trade and the Dominions Office had gathered momentum throughout 1934 to the point that by June there was a forceful campaign being waged against both his practice of considering agriculture as several separate industries requiring individual treatment and his expansion objectives. The beef subsidy seemed to cement the various strands of criticism into a discernible demand for clarification of intended economic strategy in order to relate Elliot's agricultural policies to those proposed for industrial development. As we have seen, J.H. Thomas was pressing strongly in Cabinet for a comprehensive plan to be drawn up, not just to bring continuity to agricultural legislation but also to clarify the role envisaged for home producers which in turn would enable Ministers negotiating with the Dominions to be more specific on intended British agricultural development.

The Prime Minister, too, had become somewhat concerned at the attention the industry had been receiving compared with others. He had expressed his feelings on the subject in a letter to Baldwin in April bitterly attacking the campaign by the latter's agricultural supporters for the repeal of Snowden's Land Tax. Of course the legislation in question was but a museum piece on the statute book but for MacDonald its retention was a point of honour, a measure of proof to others and reassurance to himself that the Government was of nationalist complexion and that he,

the Premier, was no mere servant of the Conservative Party. His belief that Elliot was too responsive to the demands of the industry under his charge is implicit.

"No interest has received more consideration than this nor is any which has received help at the public expense so persistent in increasing its demands."¹

On the Land Tax issue, MacDonald lost as its repeal was included in Chamberlain's Finance Bill which received its Third Reading on 22 June. This defeat seems to have made the Prime Minister more determined to increase National Labour's influence on domestic policy and endeavour to arrest the growing Conservative domination of the Cabinet. In a letter to his most intimate colleague, J.H. Thomas, MacDonald asserted that their Tory colleagues were "steadily pushing us into a Conservative corner and keeping us there, until our influence and reputation have both gone and we can neither escape with effect nor remain there with honour."²

Whatever the reasons, and certainly the awareness of Dominion hostility towards Britain's import policy impressed upon him particularly by communications from the various governments and Governor-Generals was a major factor,³ MacDonald decided to take the initiative on the whole question of the future development of British agriculture and the implications for foreign and imperial trade. On 14 June, he requested the

¹ RM to SB 8 April 1934. Baldwin Papers vol 169.

² RM to JHT 24 May 1934. J.H. Thomas Papers C.108.

³ See eg. Bledisloe to RM 16 April 1934. Baldwin Papers vol 98.

Committee of Economic Information, technically a sub-committee of the Economic Advisory Council but in reality its successor as the National Government's 'think tank', to examine the question of the coordination of industrial and agricultural considerations in the formulation of trade policy. It must be noted that MacDonald made this request just two days after the crucial seventh meeting of the Produce Markets Supply Committee which, apart from endorsing in principle Elliot's levy-subsidy proposals, had highlighted the difference between him and some of his colleagues, notably Thomas, in their vision of the future state of home agriculture. After an initial meeting on 19 June at which they agreed to the Prime Minister's request, the Members of the C.E.I. prepared memoranda for consideration at the next meeting held on 10 July.¹

The Cabinet were informed of the Prime Minister's request and the consequent beginning of the C.E.I.'s deliberations on the coordination of trade policy only at their meeting of 25 July. The subject was on the agenda to allow discussion of yet another Thomas-written entreaty pressing for the crystallization of the Government's plans for the expansion of home production and the coordination of the interests of agriculture and the exporting industries.² Unfortunately, such was the reticence of the minute-taker on this occasion that the reaction of the individual

¹ EAC (EI) 35th meeting 19th June 1934 & 36th meeting 10 July 1934: Cab.58/17. Members were Sir Josiah Stamp, G.D.H. Cole, J.M. Keynes, Sir Alfred Lewis, Sir Arthur Salter, H.D. Henderson and Sir F.W. Leith-Ross.

² JHT memo. CP 199 (34) of 20 July 1934 in Cab.24/250.

Cabinet members is not recorded. One must suppose, however, that Elliot must have felt somewhat aggrieved that such an investigation had been initiated by the Prime Minister. It seems likely that he demanded to be authorised to make personal representations to the C.E.I. for one of the Cabinet's conclusions on this issue was that he should contact Stamp, the Chairman, and discuss certain points like the implications of the changes in the pattern of food consumption. At the same time, it was agreed that Runciman should ask Stamp to report the C.E.I.'s findings by the end of September and that an Inter-Departmental Committee of Sir Frederick Leith-Ross, Sir Horace Wilson and representatives from the Dominion Office and the Ministry of Agriculture be established to examine the C.E.I. Report and submit its comment in October.¹

The summer of 1934 can be seen as the turning point in Elliot's tenure of the Ministry of Agriculture. The setting in motion of an investigation which would result in the establishment of limits within which the development of home production could be consistent with trade considerations ended any prospect of Elliot presiding over a significant expansion of British agriculture. His political star was still shining brightly but there had been set in motion a development that would lead to a definite contraction of the limits within which he had developed and presented his policies. This unfortunately was to affect his own prospects in a similar way that Labour difficulties

¹ Cab.30 (34) of 25 July 1934.

hindered the advancement of his closest colleague, Oliver Stanley. The 1933/1934 parliamentary session had been a historic one for British agriculture, particularly the Milk and Cattle Industry Acts, but the report of the C.E.I. was to severely restrict the future scope and influence of the Minister who had been responsible for so many radical changes to the home industry in the past two years.

Chapter 7.Elliot and Agricultural Policy Making 1934-1936

In the autumn of 1934, Elliot's major preoccupation was keeping a close watch on the operation and effect of the cattle subsidy. He submitted a progress report to the Cabinet a month after the start of the deficiency payments. Administrative arrangements were working well. Prices had in fact fallen since the first week in September but this was to be expected due to an increase in Dominion supplies. Elliot predicted that a further drop in prices would occur as more home cattle were put on the market but he was not too unhappy with the situation as a whole. He expected prices to weaken even further as a result of still heavier marketings of cattle in the near future but providing that imports were reasonably regulated, the general outlook was not unsatisfactory.¹

Some of Elliot's Cabinet colleagues, however, were surprised at Elliot's optimism. They argued that the subsidy had failed to achieve its main purpose, that was to raise the price the home beef producer received to a reasonable level. They were disturbed by the fact that the wholesale price had dropped by 3/- since the deficiency payments began. Elliot insisted, however, that the outlook was fairly bright so long as foreign supplies were adequately regulated and reminded his critics that the question of a minimum price had been considered and rejected by the Cabinet in the summer. It was quite unreasonable to

¹ WE memo. CP 222 (34) in Cab.24/250.

expect a rise in beef prices in a situation where total supplies had greatly increased since last year. The discussions with the Dominions had had to be suspended during the General Election in Australia but were soon to be re-convened. Everything, asserted Elliot, rested on whether the Government could successfully negotiate a long-term beef import programme.¹

The state of the livestock industry was further discussed by the Produce Markets Supply Committee on 7 October. Elliot submitted two memoranda, one on bacon and the other on meat. In the first, he reminded his colleagues that the quota schemes were due to finish at the end of the year and proposed that for 1935 a maximum cut of $12\frac{1}{2}\%$ should be made on foreign imports to compensate for the expected increase in home and Dominion supplies. Since this proposal was consistent with the Lane-Fox recommendations, foreign nations should expect and accept it.² With Runciman having already reluctantly agreed, the Committee gave its approval. In the second memorandum, Elliot reminded his colleagues of the levy-subsidy proposals put to the Dominions and the Argentine in July and the unfavourable reaction they received. He declared that a decision had to be taken on the meat import programme for January-March 1935 and appended proposals involving considerable reductions. He also submitted an inter-departmental report which was extremely pessimistic that the Dominions could be persuaded to accept a levy plus moderate quantitative regulation. At the same time,

¹ Cab. 34 (34) of 10 October 1934.

² WE memo. PMS (33) 24 of 12 October 1934.

however, it stressed that to implement the alternative policy of drastic restriction would almost certainly have grave consequences and provoke retaliation.¹

In the discussion that followed, Chamberlain expressed anxiety that the policy of raising prices and providing by means of a levy a fund out of which the Exchequer could be repaid was not meeting with much success and he saw little prospect at present of either aspect working out. The alternative policy of drastic cuts in supplies, however, seemed rather extreme. Elliot responded by saying that if the Dominions insisted on rejecting the levy-subsidy proposals then the only option for the Government was extensive import reductions unless the whole idea of trying to regulate the meat market was relinquished. He felt that Britain's negotiating stance would be strengthened if it was stressed that in the absence of agreement on a levy, the alternative policy would indeed be imposed. Sir Geoffrey Whiskard, representing J.H. Thomas, agreed but in addition agreed with Chamberlain that the Dominions should be given full details of Britain's estimated future meat requirements and the supplies that would be available. Elliot on the other hand preferred to proceed step by step, quarter by quarter in the belief that the Government's negotiating position would be weakened if it conveyed in advance a comprehensive picture of the policy to be followed should the levy-subsidy proposals be rejected. His suggestion of holding a meeting with the Dominions in the next few days to inform them of the proposed import

¹ WE memo. PMS (33) 25 of 11 October 1934.

programme for January-March 1935 was agreed to by the Committee.¹

Elliot's agricultural policy principles were discussed during the Debate on the Address towards the end of November. Harold Macmillan expressed the sentiments of the young radical Tory M.P.s when he declared that the National Government was dominated by defeatist elements with certain exceptions one of whom was Elliot. The errors were there but so too was the action and energy giving Britain an active and energetic agricultural policy. If Elliot's colleagues with responsibility for the various industries took similar gambles, then their endeavours would be rewarded by support such as that awarded to the Minister of Agriculture and their mistakes would likewise be forgiven.²

If progressive Conservatives were full of praise for Elliot's pursuit of State capitalism, the opposite view was taken by the Liberal Party who were alarmed at what they saw as increasing state encroachment on liberties. Dingle Foot asked the House to condemn the Tory Socialism created by Elliot and some other Ministers, asserting that it combined uncontrolled authority in the political sphere with regimentation in the economic sphere.³ Herbert Holdsworth claimed that the Government had in three years done more towards creating a Socialist state than Labour would have achieved in a generation.⁴

Addison, back in Parliament having won the Swindon by-election of

¹ PMS (33) 11th meeting, 17 October 1934.

² 22 November 1934, 295 H.C. Deb. 5s cols 267-272.

³ 27 November 1934, 295 H.C. Deb. 5s col 710.

⁴ 27 November 1934, 295 H.C. Deb. 5s col 745.

25 October, followed the usual Labour line of exempting Elliot from criticism of the Government as a whole. It was, he asserted, quite impossible for the Minister of Agriculture to develop a consistent agricultural policy in view of the various trade commitments undertaken by Runciman. Addison reiterated Labour's belief that Elliot genuinely wanted to help the home farmer but was hampered by restrictions put on him by the rest of his colleagues.¹

Elliot expressed dismay at the Liberal attitude, asserting that he had made every effort to take agriculture out of the arena of party politics.

"I have taken action which, no doubt, has caused misgivings in the minds of many Conservative supporters. I have gone outside the bounds of party politics in some of my actions, and I have done so with the deliberate desire and intention to associate all sections of the people in a constructive policy."²

He accepted that his marketing boards could be criticised but stressed their inevitable trial and error nature and emphasised that their principles of cooperation and ordered marketing had been accepted by all three major parties. The Government, he declared, had endeavoured to secure continuity in and consensus on agricultural policy.

Elliot's only other parliamentary action before the Christmas recess was to introduce the Potato (Import Regulation) Order 1934 to supersede the previously voluntary regulation. In Cabinet, however, Elliot's departmental concerns figured high on

¹ 27 November 1934, 295 H.C. Deb. 5s col 727-738.

² 27 November 1934, 295 H.C. Deb. 5s col 764.

the agenda. One very important issue was the plight of the herring industry on whose behalf Boothby made a passionate plea during the Debate on the Address. The Cabinet considered the main recommendation of the Duncan Report produced by the Sea Fish Commission that a Herring Board should be established to reorganise the industry. The appropriate Ministers - Elliot, Collins and Gilmour - were authorised to prepare legislation.¹ Any hopes that a bill might quickly be introduced, however, were dashed by Chamberlain's hostility to the first draft. He objected most strongly to certain powers being given to the Herring Board by the Government since that would put the entire responsibility for unpopular proposals on the latter. Instead, he advocated the Board being established with the power to draw up for itself a list of controls it thought necessary to have and submit such a scheme for the approval of the herring industry. The majority of the Cabinet accepted Chamberlain's thesis and ordered that the bill be redrafted. As a result, it was not introduced until February 1935.²

At this time, the Cabinet was involved in secret negotiations with the Irish Free State in the hope of reaching a coal-cattle agreement to normalise these aspects of trade between the two countries. The proposed treaty was referred to the Irish Situation Cabinet Committee for consideration.³ Elliot had previously attended meetings of this committee in the capacity of

¹ Cab.43 (34) of 28 November 1934.

² Cab.47 (34) of 19 December 1934.

³ Proceedings of the I.S.C. are in Cab.27/524.

Financial Secretary, particularly in July 1932 when it had met frequently to discuss the disputed land annuities. As Minister of Agriculture, he was not at this time a member but was called to attend the two meetings which dealt with a proposed pact which would inevitably have implications for British agriculture.

Elliot's attitude to the proposed agreement was hostile from the outset on the basis that any concession would have catastrophic repercussions on the British meat market. He expressed this opinion forcefully at the first meeting on 29 November.¹ He declared that the present restrictions placed on the Irish Free State only balanced the plethora of supplies from other Dominions. He reminded the Committee that he was engaged at that time in trying to negotiate a reduction in the excessive Dominion exports which would in turn enable the Government to impose a further cut on foreign supplies. He asserted his willingness, however, to agree to an increase in supplies from the Irish Free State if a corresponding reduction could be made in imports from elsewhere. Sir John Gilmour, Elliot's predecessor at the Ministry of Agriculture, lent his full support saying that until Ottawa, the Industry had received too little attention. Runciman, as one might expect, did not share this view - he opined that the general feeling was that agriculture had done quite well as far as Government attention was concerned.

Thomas, who as Dominions Secretary was the Minister handling the negotiations, stressed the need for an urgent decision.

¹ ISC (32) 21st meeting 29 November 1934.

The drastic cuts imposed against the Irish Free State had only been possible because of the political dispute - if the two countries were in the position of negotiating political peace then there was no way that the special cattle penalisation could be maintained. With Inskip wondering whether the beef position was not so grave that an increase in supplies from the Irish Free State would have little effect, and with Runciman going on about the sanctity of the coal trade which it seemed was threatened by the possibility of the Irish Free State reaching an agreement with Germany or another foreign country, Elliot was faced with a difficult task in trying to convince the Committee. He stressed that the total collapse of the market had only been averted by the short-term measures taken, namely the deficiency payments and the reductions that had been made wherever possible, but even so survival had still rested on the fact that the Government was free to impose drastic reductions against the Irish Free State. He accepted, however, Thomas's point that in the eventuality of political peace, other arrangements would have to be made and reductions imposed on other sources. On this theme, Runciman declared his preference for a cut against Brazil rather than against the Irish Free State to which Elliot responded by repeating that he would not oppose restoring cuts against the latter provided that an equivalent quantitative reduction could be made against Brazil or another supplier since such an alteration would not affect the total volume of supplies on the market.

Chamberlain suggested that it might be possible to arrive

at some immediate agreement whereby the cuts would be partially restored after the end of March 1935 by which time arrangements could be made regarding the supplies from the other Dominions and foreign countries. Elliot insisted that either way the home producers had to know where they stood and if any increase in Irish supplies was to be announced then at the same time the Government must pledge either to impose general cuts after the expiry of the subsidy or to extend the period of the deficiency payment itself. Elliot was not too concerned about the prospect of the Irish Free State concluding a coal-cattle pact with Germany or Poland instead. He remained convinced that Britain was the only possible market for Irish cattle. The meeting ended with the Committee agreeing to Thomas's suggestion that he should see the Irish High Commissioner and convey British interest in an informal coal-cattle arrangement.

At the second meeting attended only by Thomas, Inskip, Gilmour and Elliot it was agreed that Elliot should discuss the Irish proposal to increase supplies to a level one third less than that of 1933. Elliot pointed out that any pact agreed could not be kept secret and insisted that when it was announced, a statement on other aspects must be made at the same time to allay the apprehensions of the home producer.¹ In the event, an agreement was reached on 21 December and made public some weeks later. The fat cattle quota for 1935 was increased as per the Irish proposals to $66\frac{2}{3}\%$ of the 1933 level while store cattle exports were to be kept to the 1930-1932 level. In both cases,

¹ ISC (32) 22nd meeting, 12 December 1934.

the new limits represented considerable increases on those imposed the previous year.

On the same day as the second meeting of the Irish Situation Committee, the Cabinet had before it at last the Report by the Committee of Economic Information on the coordination of trade and agricultural policy together with the comments of the inter-departmental committee. The Committee of Economic Information had been asked to report in general terms and not to make a detailed policy investigation. This had not, however, led its members to be very amenable to curious Cabinet Ministers who communicated with the Committee after its latest mission became known. Elliot had gone as far as requesting an informal discussion with the Chairman, Sir Josiah Stamp. This was agreed to on 19 September but at the same meeting the Committee decided to keep its own counsel and not to circulate papers outwith its members.¹ Stamp did not see Elliot for more than five weeks during which time the C.E.I. met on three occasions to revise their draft Report. Indeed, the meeting with Elliot was not held until 23 October, the very day the Committee approved the final draft. This would suggest that Stamp purposely delayed talking to the Minister of Agriculture until the Committee had ended its deliberations. The inter-departmental committee chaired by Sir Frederick Leith-Ross, the Chief Economic Adviser to the Government who also acted as Secretary to the C.E.I.,

¹ EAC (EI) 38th meeting, 19 September 1934. For a full account of the deliberations of the C.E.I. see John Evers: 'Government direction of overseas trade policy in Britain 1932-7' D.Phil. Thesis Oxford 1977. I am indebted to John Evers for letting me read some chapters in their draft stage.

was convened to study and comment on the Stamp Report. It had taken six weeks to submit its comments along with the Stamp Report itself to the Cabinet which in turn referred the matter to the Produce Markets Supply Committee.

The principal conclusions of the Report by the Committee of Economic Information can be summarised briefly. The British market could not continue to expand as it had done in previous decades due to the considerable decrease in the birthrate. At the same time, although prospects for Britain's export trade were not encouraging, the nation had coped quite well with large scale losses to the point that it had to be considered whether redevelopment to previous levels was altogether necessary. The Stamp Committee felt that it would be unwise to put the considerations of the export trade before all others and that Britain could be prosperous with a smaller volume than that of the pre-war period. The export trade was however extremely vital to prosperity and the committee was concerned that it would together with the standard of living be adversely affected by a policy of progressive agricultural import reduction. The Report supported the policy of assisting the home producers through the price depression. On the question of home agricultural development, however, the Committee's feelings against import cuts and its recognition of the importance of the population stagnation led it to assert that expansion should only be very limited and only in particular branches of the industry, namely fruit, milk, eggs, poultry and vegetables. Finally, the Report preferred a levy-subsidy policy

to that of quantitative regulation.¹

Although the Inter-Departmental Committee chaired by Sir Frederick Leith-Ross had spent six weeks considering the C.E.I. Report, little documentary evidence of its proceedings survives apart from its final comments incorporated in the report signed on 3 December. Its conclusions endorsed and expanded on those of the Stamp Committee. It fully agreed with the C.E.I. attitude on the question of agricultural development. As far as the need to maintain the home producers in times of hardship was concerned, the Leith-Ross Committee asserted that any action to assist them should raise consumer prices as little as possible and should be so formulated as to promote maximum efficiency in home production and marketing. One of the most important pronouncements of the Committee was that a policy of direct subsidies was preferable to that of quotas. If practicable, of course subsidies should be financed by import levies but even if the Exchequer had to fund them, they were still to be recommended over import restriction. This was indeed a crucial statement on a fundamental principle. The Report went on to suggest that the Government might find it necessary to offer concessions, in the form of assurances that quotas would not be imposed, in order to secure agreement to its levy-subsidy proposals. Finally it recommended that the bacon scheme be reviewed.²

The Leith-Ross committee's main recommendations foreshadowed

¹ 13th Report of the CEI 23 Oct. 1934. CP 284 (34) in Cab.24/251.

² IDC Report 3 December 1934. CP 272 (34).

later events. The White Paper of March 1935 implied that significant home agricultural expansion was not a viable proposition. At the same time, the Government held out the prospect of a levy-policy without the accompaniment of quantitative restriction. At a later stage, the Government had to think in terms of a quasi-permanent direct subsidy in the absence of an adequate levy to finance deficiency payments to home producers. The two Reports did not lead to policy decisions at Ministerial level for although they sparked off lengthy argument in the Produce Markets Supply Committee, it was inconclusive and ultimately overtaken by the need to take decisions on immediate problems and negotiating strategies. The reports, nevertheless, signified a contraction in the scope and potential influence of the Minister of Agriculture and seem to have encouraged other Ministers to intervene more forcibly in the departmental concerns of their hitherto irrepressible colleague.

Elliot certainly argued against some sections of the reports at the last two P.M.S.C. meetings of 1934. His Permanent Secretary, Sir Charles Howell-Thomas, had sat on the Leith-Ross committee and had succeeded in modifying the conclusions against any significant expansion in home agricultural production and qualifying its criticisms of the policy of protection. Nevertheless, the Minister of Agriculture was clearly unhappy with some of the conclusions. At the meeting of 17 December, he asserted his general agreement with the inter-departmental report but his further comments left no doubt that he disapproved of its verdict on agricultural development. He endorsed the view that the

emphasis for the time being should be on maintaining the present population on the land but he believed there was scope for some expansion in meat and bacon production in the next few years.

Chamberlain observed that the Leith-Ross committee preferred to contemplate the perpetuation of the deficiency payments rather than drastic quantitative regulation in the event of the Dominions rejecting the levy proposals. From the point of view not only of the Treasury but of political and commercial interests, he felt that the continuation of the subsidy was indeed the lesser of two evils until such time as the Government was freed from its Anglo-Argentine treaty commitments in November 1936.

Chamberlain did, however, lay down two conditions: first that a decision on the limits of future home production should be taken; secondly, that having been done, the Argentine and the Dominions should be told that since Britain could not introduce her long-term policy till 1936, she must continue to protect the interests of her home producers. In addition, Britain should inform these trading partners that as soon as freedom of action was restored, steps would be taken to limit home production while at the same time an import levy with Dominion preference would be imposed.

Thomas declared his surprise at the Chancellor's generosity. He felt, however, that to convey that Britain intended to continue the beef subsidy would weaken her negotiating position and declared he would not give in to what amounted to Dominion blackmail — Australia had sent a hostile telegram practically defying Britain to do her worst. Ormsby-Gore agreed with Elliot that Britain should make it abundantly clear to the Dominions that

Britain had the weapon of strict quantitative regulation in reserve and that this should be stressed to the High Commissioners when they met the following day. Pending this meeting, the Produce Markets Supply Committee adjourned.¹

At the last meeting of the Dominion Representatives, it had been agreed to maintain the supply situation until the end of March while discussions concerning long-term policy were in progress.² Elliot and Thomas had therefore been stunned to receive a very unfriendly communication from the Australian Government to the effect that it was unwilling to limit meat exports along the lines of Elliot's quarterly shipment programmes and furthermore that it would not participate in discussions based on the implementation of the principle of restriction. The telegram went on to remind Britain of the pledge made at Ottawa to give her Dominions a continually expanding share of the market. It was in response to this communication that the meeting of 18 December was convened. Elliot underlined the difficulty with which the market was being held. The extra Australian beef might not be much in quantity but it would upset the agreement made in October. Elliot was however particularly disturbed at the uncooperative attitude as expressed in the telegram. He asserted that the Government must not fail in its duty towards the home producers and those Dominions who had agreed to the shipment programmes. Moreover, he insisted that the principle of a regulated market had to be accepted not just

¹ PMS (33) 12th meeting, 17 December 1934.

² TS /R/16 5th meeting, 30 October 1934.

for the following quarter but in the longer-term. After the meeting, the Government replied to Australia that she must be bound by the programme and that an Order would be imposed if necessary. In the event, the Commonwealth Government acquiesced.¹

The Produce Markets Supply Committee met again later on the same day to continue its deliberations on the Leith-Ross Report and Elliot's memo which favoured some expansion in home agriculture. The bacon industry was given particular attention: the inter-departmental committee recommended that the bacon scheme be subject to a complete review clearly indicating its dissatisfaction with the present quota policy. Elliot told his colleagues that grievances had occurred as regulation had evened out the pig cycle but at a higher retail price than had applied previously. He asserted his willingness to agree to the appointment of a Cabinet Committee chaired by a colleague with no direct responsibility for trade or agriculture. In response to Runciman's point that the potential clash between home producers and overseas suppliers was creating problems as far as reaching agreements was concerned, Elliot insisted that the Government must take future domestic bacon expansion into account when negotiating the apportionments of the bacon market. Runciman then declared his preference for a levy-subsidy policy rather than that of quotas. As he had asserted at the previous meeting, he had concluded after three years' experience that protectionist duties were a more effective remedy with

¹ TS/R/16 6th meeting 18 December 1934. Australian telegram is annexed to the minutes.

less commercial repercussions than quantitative regulation.

Elliot's attitude was that whatever the main policy method, market regulation must be continued in all cases. He was opposed to the idea of sudden policy changes, for instance a swift repeal of the whole bacon scheme. He was however amenable to looking closely with Runciman at the effect of an orderly policy change from the quota method to that of an import levy. The President of the Board of Trade desired in addition to examine the effects the plans for home expansion put forward in Elliot's memo would have on commerce and trade. The Committee agreed that the Minister of Agriculture should prepare another memorandum after discussions with the President of the Board of Trade on a formula for switching import policy to that of import levies with special consideration being given to three propositions: to what extent would it be feasible and expedient to apply the levy-subsidy policy to the various sections of British agriculture; to what degree was it considered desirable to expand the home production of each agricultural commodity; and what measures should be taken in the short-term, in other words in the period before the enactment of the levy-subsidy policy.¹

Elliot drew up a memorandum on two of the three issues for discussion at the next meeting early in 1935. He had been unable as directed to consult with Runciman and thus the opinion he expressed was his own. The main consideration was the potential application of the levy-subsidy principle: in oats

¹ PMS (33) 13th meeting 18 December 1934.

and potatoes, he recommended no change in the present arrangements; bacon presented a complex situation and he suggested a sub-committee examine it; the decision on eggs and poultry should be deferred pending discussions with the Dominions — although Britain would be free to impose a levy against them in August, the condition of imperial preference and foreign trade agreements meant that such action was not possible until 1936; and finally on the question of meat and dairy produce, the levy-subsidy principle should be applied as soon as treaty commitments permitted it. Elliot was convinced that no long-term meat policy could be developed before the arrival of the Dominion Prime Ministers in April. Accordingly, he proposed the short-term measure of extending the beef subsidy to home producers from 31 March 1935 until the expiry of the Anglo-Argentine treaty in November 1936. At the same time, he asked for authority for Thomas, Runciman and himself to negotiate a further short-term programme regulating meat imports.¹

The Produce Markets Supply Committee accepted Elliot's recommendation on bacon and appointed a sub-committee chaired by Lord Halifax with Elliot, Gilmour and representatives from the Treasury, the Foreign and Dominion Offices, and the Board of Trade.² Runciman and Elliot were left to work out the terms of reference. On the question of the beef subsidy, Thomas pointed out that the Dominions had been told that it would cease in

¹ WE memo. PMS (33) 29.

² Proceedings of PMS Sub-committee on Pigs & Bacon are in Cab.27/561.

March and asserted that if an extension until the end of 1936 was announced, then it would be concluded that the Government had been bluffing and pressure would begin to mount from both the Dominions and the home producers for permanent deficiency payments. He felt that Britain should adhere to her levy or drastic quantitative regulation line of negotiations. Elliot disagreed with the argument that an extension would encourage the Dominions to hold out against an agreement as the time was nearing when Britain would be free to act as she pleased. He suggested that the Government might make only short-term orders to extend the subsidy, perhaps three months at a time. Elliot stressed the immediacy of the issue - with the present provision due to expire on 31 March, parliament was bound to enquire as to the future.

Thomas remained concerned that an early announcement of an extension would make the Dominions even more resolute and recommended that before any such statement was made, they should again be warned that if the levy proposals were not accepted then drastic quantitative regulation would be imposed. The Committee agreed that he and Elliot should hold an immediate meeting with the Dominion High Commissioners for this purpose. It was anticipated that Australia might ask that negotiations be deferred pending the arrival of her Prime Minister. The Committee agreed that it should be made clear that the responsibility was hers and that it would in no way prejudice Britain's attitude concerning action taken thereafter. It agreed that levy-subsidy talks should be opened with the Argentine. Any decision

regarding the question of the subsidy extension was however postponed.¹

Elliot, Thomas and Gilmour saw the Dominion High Commissioners on 22 January. The meeting considered the Australian Premier's request that further discussion on long-term policy be postponed until he reached Britain at the end of March. This would mean that there would be no time to evolve a policy before the expiry of the present subsidy. Elliot stressed that Britain could not sit back and do nothing since prices were 5/- below summer 1934 level and thus the subsidy to home producers was completely negated. Elliot put forward the alternatives of a temporary levy or severe regulation. The High Commissioners objected to both and suggested an extension of the subsidy. Thomas pointed out that such a plan would involve going cap in hand to the Chancellor and reporting that despite assurances the subsidy had to be continued. He asserted that weighty political and financial objections could be raised. However, the Dominion Secretary accepted that an extension offered the best short-term solution and agreed to recommend it and the expeditious opening of long-term negotiations to the Cabinet.²

On the following day, an account of the meeting appeared in The Times.³ This evident leak was discussed by the Cabinet when it received an oral report on the proceedings from Elliot. It approved in principle the subsidy extension but deferred any

¹ PMS (33) 14th meeting, 16 January 1935.

² TS/R/16 7th meeting, 22 January 1935.

³ The Times 23 January 1935.

decision as to its duration pending the consideration of the P.M.S.C.¹ Thomas submitted a memo on the talks with the High Commissioners for consideration at the Committee's next meeting on 28 January. He expressed the view held by himself and his colleagues present at the discussions that an extension of the subsidy would facilitate long-term policy negotiations whereas enactment of however temporary drastic restrictions in default of an immediate agreement to the levy-subsidy proposal would not. Thomas seemed to have changed his position somewhat from the previous P.M.S.C. meeting. He recommended that any policy statement should give confidence to the home producers but refrain from committing the Exchequer to more than a short-term extension of the subsidy. He warned the Committee that while it was imperative not to give the Dominions any inkling that the subsidy would be extended again, it might be expedient as previously suggested by Elliot to provide in the necessary legislation for the possibility of extensions by Order until the end of 1936.²

In Committee, Thomas put forward the view that the policy for the next eighteen months had to be considered first and then that of the post-expiry period. Chamberlain came out in favour of lifting all restrictions in return for acceptance of a levy-subsidy. Elliot pointed out that the increased supplies would result in a price collapse thus necessitating a very high levy-subsidy. He expressed doubts that the policy negotiations would result in agreement before the expiry of Britain's

¹ Cab.5 (35) of 23 January 1935.

² JHT memo. PMS (33) 33 of 24 January 1935.

commitments and reminded Chamberlain that under the Ottawa U.K.-Australia agreement, Britain had pledged to restrict Argentinian meat for five years. As for the demand for clarification of Britain's long-term policy intentions, Elliot asserted that it was self-evident that for the moment they were governed by Ottawa and as for the future, it was outlined in the White Paper of 1934. He pointed out that the Dominions were in a very strong position knowing Britain was against the idea of imposing drastic cuts.

Lord Hailsham defined the four alternative courses of action for the next eighteen months: Exchequer subsidy, drastic quantitative regulation, and levy-subsidy with or without a measure of quantitative control. Baldwin declared that the continuation of the subsidy for the next eighteen months could be ruled out at once. Elliot however tried to inject some realism into the discussion by saying that since the Cabinet was averse to resorting to drastic restriction and that the Dominions believed any such threat was mere bluff, it was not possible to rule out the possibility of having to continue the subsidy.

Chamberlain spoke out against the idea of not limiting the period of subsidy and providing for its extension by Order. Instead he suggested it should be prolonged for three months, with the provision for a further extension only of another three. In response to Elliot's objection on grounds of parliamentary inconvenience and the uncertainty such short extensions would cause to home producers, Chamberlain asserted that such a procedure would help maintain pressure on the Dominions to come

to an agreement. The Committee accepted Chamberlain's proposal and agreed to recommend it to the Cabinet. It asked the inter-departmental committee chaired by Sir Frederick Leith-Ross to work out a detailed scheme based on the application of a levy-subsidy without quantitative regulation. It should consider the rate of the levy and imperial preference, whether it should be applied solely to beef or to other meats too, how the incidence of the levy should be arranged, which method of subsidy distribution to home producers should be employed, and the question of the limitation of home production and how it could be regulated. Finally, Elliot was asked to draw up a memorandum showing the quotas that would be necessary if the market had to be controlled by quantitative regulation alone.¹

The Cabinet approved its Committee's recommendation that the subsidy be extended for an initial period of three months with provision being made to extend it by order if necessary for another three.² Elliot announced the decision in the Commons, telling the House that negotiations with the Dominions were still in progress but there were difficulties and the Government recognising them had decided that the period for discussion should be extended. He hoped that agreement could be reached within the first three month period but, if not, then the provision for extension could be invoked subject to the approval of Parliament.³ The Cabinet, then, outwardly still expressed

¹ PMS (33) 15th meeting, 28 January 1935.

² Cab.6 (35) of 30 January 1935.

³ 30 January 1935, 297 H.C. Deb 5s cols 347/8.

confidence that the negotiations would end in agreement. Privately, however, they were by now extremely pessimistic and despite Baldwin's statement about an eighteen-month subsidy, it began to look inevitable given the aversion to importing drastic quantitative regulation.

On the question of the future development of home production, consideration of the issue had been overtaken by the need to make immediate decisions on the short-term policy after 31 March. Early in January, Runciman had drawn up a memo based on the argument that expansion of home agriculture would have a detrimental effect on Britain's export trade and increase, not lessen, unemployment.¹ Elliot's memorandum in response represented his last effort to reverse the move of his colleagues towards tacit acceptance of the arguments against any significant expansion. It was strangely lacking in substance and badly drafted. It may be, as has been suggested, that Elliot composed it himself in haste.² He put forward the rather pointless assertion that if the arguments based on the sanctity of the export trade and the higher proportionate rate of employment offered by other industries were taken to their full meaning, then the contraction of home agriculture would be a desirable objective. For those already in agricultural production, stabilisation might be acceptable although difficult to organize. Politically, however,

¹ WR memo. PMS (33) 27.

² John Eyers asserts that this memo "effectively left all the eloquence and weight, and indeed most of the appearance of logic and evidence" with the arguments of the Board of Trade, IDC and CEI.

a 'standstill' declaration would be extremely unpopular especially in the light of previous statements favouring more land settlement.

"The intimation that nobody should, even if only for the present, escape from the dole into new agricultural production, for the purpose of making a living, would be a statement repugnant to the present opinion of the country. Furthermore this statement, once accepted, would go far to break the heart of the nation."¹

Neither Runciman's memo nor Elliot's response were discussed by the Committee. The same fate befell the written views of Sir John Simon which took the form of a memo to Baldwin which was subsequently circulated to the P.M.S.C. on 18 January. Basically, Simon seconded Runciman's arguments against the expansion of home production. The Foreign Secretary, however, had much more to say on the question of a levy-subsidy vis-à-vis quantitative regulation. He looked upon the effect of the bacon quota "with growing apprehension" on the grounds that regular reductions in imports as prescribed in the Lane-Fox Report would have worrying political and economic consequences. As for meat, substantial reductions had been accepted "with remarkable meekness" by South American countries but there were increasing complaints about the rapid expansion of Dominion chilled beef supplies, the mainstay of the Argentinian meat export trade with Britain.

Simon appealed to his colleagues to abandon quota control forthwith lest the difficulties it was creating in foreign

¹ WE memo. PMS (33) 32 of 24 January 1935.

relations developed into real dangers. He stressed that economic orientation might be a vital factor in the event of war -- the areas most affected by Britain's quantitative regulation were Scandinavia, the Baltic and South America. The alternative of a levy might be unpopular but preferable since "a duty can be consolidated, and even if the rate be high, it does not inflict the uncertainty and the insecurity of quantitative regulation." Moreover, it would have the great advantage of not causing constant complaint and grievance from foreign governments, some of whom would be our natural allies in time of unrest.

"If our quota restrictions represented a vital interest for us, the difficulties they create would have to be faced; but if, as the Economic Advisory Council Committee suggest, our domestic interests can be safeguarded by other methods, I should most strongly urge my colleagues to elaborate such alternative methods and put them into force at the earliest possible moment. Each week that passes gives rise to fresh complaints against our quota policy and engenders in foreign countries, with whom we want to maintain the closest ties, widespread suspicion and resentment, which it may well take years of diplomatic effort to allay."¹

The Foreign Office had from the outset, from the first meeting of the P.M.S.C. in December 1933, preferred the levy-subsidy alternative on political grounds. Simon's memo served to emphasise and crystallize this view.

The P.M.S.C.'s discussion of the fundamental question of the coordination of agricultural and trade considerations came to no

¹ JS to SB 9 January 1935, Baldwin Papers vol 33.

conclusion but simply tailed off as more immediate practical questions demanded total attention, in particular the move from quota control to levy-subsidy. A series of assumptions based on the arguments put forward by the C.E.I. and I.D.C. had however embedded themselves into National Government thinking despite the strong objections and counter-arguments of Elliot and his Ministry. These were that there was no scope for a rise in food consumption, that any significant expansion of home production would require an equivalent contraction in imports, and that such reductions would lead to corresponding cuts in British exports. These then were the underlying assumptions of agricultural policy for the rest of the decade. The Government did not announce its decision against expansion; it simply stopped making noises in favour of agricultural development, and incorporated in measures of assistance provisions for limitation.

The P.M.S.C.'s most immediate task, having dealt for the time being with the question of extending the subsidy, was to determine to what extent the levy-subsidy policy should be applied, and whether it should be accompanied by a degree of quantitative regulation, and what strategy should be employed in negotiations with the Dominions. At the meeting of 4 February, it had for consideration the requested memos from the Inter-departmental Committee and Elliot. The former had been asked to work out a scheme based on the levy-subsidy principle without import restriction. Instead, however, it had produced what was basically merely an aide memoire for communication to the Dominions, setting out the considerations of the home producer, Dominion

development, and foreign trade and restating the alternatives of a levy-subsidy or drastic quantitative regulation.¹ For his part, Elliot considered the extent to which cuts would have to be made if the market was to be controlled by regulation alone. It would require the stabilisation of Dominion mutton and lamb supplies and the reduction of beef exports at least to the Ottawa year level or quite possibly further. In the event of the latter, Britain would then be able, by virtue of a proviso in the Anglo-Argentine agreement, to make another reduction in Argentinian supplies. Elliot came out strongly in favour of adopting a policy of levy-subsidy with some measure of regulation. He felt that the Dominions would not accept a straight levy plan on the basis that they would lose out in competition with the Argentine and relinquish their expanding share of the market Ottawa recognition. Even to secure agreement on a scheme incorporating some regulation would be difficult but a fall in prices was not in Dominion or Argentinian interests. The knowledge that Britain would soon be free to act at will just might encourage them to accept.²

Chamberlain, however, was firmly in favour of abandoning quantitative regulation altogether and was supported by Runciman. Halifax, again taking Elliot's side, pointed out that an earmarked tariff might not give sufficient assistance to the home producer. Runciman disagreed, asserting that a 1d levy on beef and veal

¹ PMS (33) 34. Memo. by the IDC.

² WE memo. PMS (33) 35 of 1 February 1935.

looked enough. Elliot eventually agreed that the Committee recommend that a levy-subsidy without quantitative regulation should be the ultimate policy objective but that the Government should not commit itself to any specific levy or subsidy figure. Halifax repeated his objection to a commitment to abolish quantitative regulation, unless it was certain that the levy-subsidy would afford the home producer adequate help. He felt that the adoption of the proposed policy was somewhat academic, given that it was practically impossible to predict what the situation would be in 18 months' time. Chamberlain, however, dismissed the argument of the President of the Board of Education on the basis that the Dominions and the Argentine had asked for clarification of Britain's agricultural policy objectives and that once the long-term policy had been settled, that for the interim period could be discussed separately.¹

At the final meeting with the Dominion High Commissioners held on 11 February, Thomas reiterated that the deficiency payments to home producers could not continue indefinitely and that Britain wished to enact a levy-subsidy policy. It was also clarified that there were two policy periods, that which led up to the expiry of the Anglo-Argentine agreement in November 1936 and the long-term future thereafter. After New Zealand had requested that mutton and lamb be excluded from any levy-subsidy scheme and instead continue to be subject to quantitative regulation, the Dominion representatives agreed that Britain should open

¹ PMS (33) 16th meeting, 4 February 1935.

negotiations with the Argentine towards employing the method of levy-subsidy with Dominion preference to control the meat market over the next eighteen months. A detailed aide memoire was to be sent to their respective governments. Negotiations were adjourned until the arrival of Dominion Ministers.¹

In the meantime, Elliot had been preparing legislation to extend the beef subsidy, in accordance with his January statement, from 31 March to 30 June with provision for a further extension by Order until 30 September. In moving the Financial Resolution on 18 February, Elliot spoke of the Government's disappointment that the negotiations with the Dominions had not yet produced an agreement. He explained that in the interests of trade and commerce it had been decided not to impose drastic restriction. In these circumstances, it was necessary to extend the subsidy while the talks continued. Elliot conveyed the recent shift in Cabinet thinking when he asserted that while regulation might be necessary in conjunction with the levy-subsidy, it was not right that Britain should continue to be solely responsible for it.² He elaborated on this theme at the end of the debate after speeches from the tariff wing of the Conservative Party represented by Lambert and Ruggles-Brise which gave him full support. Elliot stressed the problem of protecting the home producers.

"The difficulty of the producers in this country lies in the fact that we are a

¹ TS/R/16 8th meeting, 11 February 1935.

² 18 February 1935, 298 H.C. Deb 5s cols 47-59.

world State desiring to maintain a world trade, and we cannot simply take an axe and chop off any great section of our imports."

With this in mind, the Government's policy was to change from a system under which Britain had the acrimonious responsibility of controlling imports to one where they could be regulated by the various suppliers while the home producer would be insulated from the world conditions by the levy-subsidy.¹

Elliot's remarks on this subject foreshadowed the publication of another White Paper on agricultural policy which appeared in early March. It represented an extension of that of July 1934 with the main differences being that the Government's long-term meat policy objective of a levy-subsidy no longer incorporated the provision of regulating imports as well and that the Government was prepared to discuss a limited meat levy, namely that for beef alone.² The White Paper was referred to during the debate on the Second Reading of the Cattle Industry (Emergency Provision) Bill on 8 March. Elliot explained that the bill's primary purpose was to preserve the British livestock industry. He reiterated that the Government was voluntarily waiving its absolute right of restricting supplies for while it would be in the home producers' immediate interest, it was hoped that the further time for negotiation provided by its being withheld would lead to agreement with the Dominions and the Argentine.³

The actual working of the bill had already been discussed

¹ 18 February 1935, 298 H.C. Deb 5s col 109.

² White Paper: "Imports of Meat into the United Kingdom". Cmd 4828. March 1935.

³ 8 March 1935, 298 H.C. Deb. 5s cols 2273-76.

during the debate on the Financial Resolution and the Supplementary Estimate which covered the first period of the subsidy. On the latter occasion, Elliot had not hidden his disappointment that in spite of the assistance, the home producer was actually worse off than he had been before its introduction since wholesale prices had fallen by more than the amount of the deficiency payment.

"I may be blamed for not having secured a larger return to the producer during this time. That is certainly a matter which has been of deep regret to me, and it is the only matter for which I feel any regret in bringing forward this supplementary estimate. The price is still unremunerative and the problem is still unsolved."¹

Addison moving the reduction had asserted that the supplementary estimate proved the failure of the quantitative restriction method. On the Second Reading of the Bill, the former Labour Minister of Agriculture declared that Elliot was having to fight against some of his own colleagues to try and save British agriculture and suggested somewhat facetiously that the statement in paragraph 11 of the White Paper that "the forces depressing prices are again in the ascendant" referred to the present Chancellor of the Exchequer and the President of the Board of Trade.² The Cattle Industry (Emergency Provisions) Bill passed through its remaining stages after little further discussion.

The meat problem was Elliot's main concern in the first quarter of 1935 but of course other branches of the agricultural

¹ 25 February 1935, 298 H.C. Deb. 5s col 846.

² 8 March 1935, 298 H.C. Deb. 5s col 2279.

industry demanded his attention too. First, there was the whole question of sugar. The Government was still awaiting the Report of the Greene Committee which had been appointed in April 1934 to consider the future of an industry which had been nurtured since 1925 by a state subsidy from virtually nothing to a position where it provided 33% of the nation's consumption. In order to prevent uncertainty while the Government took time to consider the Report, Elliot announced a further extension of the subsidy for one year, asserting that the extension would be made without prejudicing the decision as to future policy.¹

Around the same time, Elliot announced the appointment of the Milk Reorganization Commission chaired by A.E. Cutforth with four other members including at Elliot's personal insistence, Sir John Boyd Orr.² The Commission was requested to consider the operation of organized milk marketing in Britain under the present schemes and its incidence of production, distribution and consumption, and to make recommendations for further improvement. It was also asked to determine to what extent and in what manner organization could be facilitated by closer cooperation or amalgamation of some or all of the marketing schemes and to draw up plans to effect any recommendations on this matter.³

In early 1935, it was the Scottish Milk Marketing scheme that was giving the most trouble with rivalry between the level-producers from the east and the seasonal producers from the

¹ 6 February 1935, 297 H.C. Deb. 5s cols 1126-1127.

² J. Boyd Orr: As I Recall p.112.

³ 11 February 1935, 297 H.C. Deb. 5s cols 1558-1560.

south-west. Pressure from the former led to Sir Godfrey Collins, the Scottish Secretary making a modification involving the payment of a premium for level production which aroused the indignation of the latter. It was Collins too who with Elliot introduced legislation to set up the Herring Board along the lines agreed after Chamberlain had objected to the original proposals. The Board was to draw up its own desired powers and submit them for approval. The Herring Bill however outlined the powers that could be taken, including that to promote sales and market development and to limit the number, or control the operation, of fishing vessels. The Bill also provided Treasury loans and grants to provide working capital to finance exports and the re-equipment, new construction, and purchase of fishing boats.

From the discussion that took place on the Second Reading on 4 February, it was clear that there was a consensus of opinion in favour of the Duncan Report and the Herring Bill. The Labour Party made only minor criticisms while Scottish Conservative M.P.s representing herring fishing constituencies gave full support. And, as Elliot pointed out when winding up debate, the industry itself favoured the measure. He stressed that he brought forward organization not because he had a passionate addiction to it but because he could see no alternative.

"If we could run the herring industry or any other industry with less organization or no organization, no one would cheer more heartily than I. The Minister of Agriculture and Fisheries and the Secretary of State for

Scotland have enough to do and would much prefer to enjoy a placid and easy life without any of this sort of thing."¹

The Herring Industry Bill was given an unopposed Third Reading on 22 February. Three months later, Parliament approved the Herring Industry Scheme which effectively gave the industry home rule, with the finances of the Edinburgh based Board being governed by the Scottish Office.

Earlier in the same month, the report was published of the Egg and Poultry Reorganisation Commission appointed in October 1933. Addison had been succeeded as Chairman upon his return to Parliament the following year by F.N. Blundell. Egg imports had since Ottawa been regulated by voluntary agreement but this was now in difficulty with certain suppliers particularly China and the Netherlands being awkward. Denmark, on the other hand, had already accepted a cut of 10% of her 1934 supplies. The subject was discussed at a special meeting of the Produce Markets Supply Committee on 26 February after Elliot and Runciman failed to agree on imposing quantitative regulation by Order. Elliot submitted a memo putting forward his arguments in favour of compulsory restriction. He pointed out that some suppliers would not accept the voluntary reduction of 10% of their 1934 exports that was being asked of them by Britain. Wholesale prices were still low and imports had shown a sudden increase. Elliot asserted that something had to be done and since Britain was bound by treaty commitments not to increase the import duty

¹ 4 February 1935, 297 H.C. Deb. 5s col 697.

averaging 20%, it was necessary to continue to control supplies by quantitative regulation. This could be imposed under the provision of the 1933 Agricultural Marketing Act which permitted regulation by Order if a scheme to reorganise the home industry was in preparation — that proposed by the Reorganisation Commission met this condition. Elliot therefore recommended restricting egg imports by Order until such time as the question of increasing duties could be considered.¹

Runciman made his objections known during the Committee discussion. He felt that the voluntary restriction should be made more effective instead of introducing compulsory regulation. In any event, he did not believe the position demanded action for it seemed to him that egg prices were fairly steady. Elliot however stressed that prices were under the general agricultural product level and were liable to fall in the near future as imports increased. Preventive action had to be taken now. He reminded his colleagues that the Market Supply Committee favoured regulation by Order and that the P.M.S.C. itself had supported a 10% reduction in July 1934. If egg imports were allowed to remain unrestricted, it would signify a complete reversal of policy and would most probably lead to an increase in overseas supplies. He pointed out too that egg production was one of those industries considered by the C.E.I. to have expansion possibilities. The fact was that the voluntary scheme was no longer working — it was impossible to continue a situation where

¹ WE memo. PMS (33) 36 of 22 February 1935.

some countries accepted the regulation and others did not. This convinced the Scottish Secretary that compulsion was necessary so once again he gave full backing to Elliot.

The Colonial Secretary, Philip Cunliffe-Lister, however, perceived a difference between imposing restriction and taking action to make certain suppliers toe the line of the previously agreed scheme of voluntary regulation. Halifax gave his support, albeit reluctantly, to Elliot: he felt that any reduction in imports would be negated by increased home production and thus would not lead to any improvement in wholesale prices. However, it would look bad if the Government were to reverse its policy. Regulation by Order might be necessary but he favoured trying first the policy suggested by Cunliffe-Lister. Elliot responded by saying that if the Committee accepted the need to continue restriction, he would look at the question in the light of trade agreements. Runciman at once declared that he would not be responsible for acting in contravention to the letter or spirit of any such agreement but Elliot assured the Committee that was not his intention.

Chamberlain intervened at this point to assert his agreement that something should be done in response to the sudden increase in imports and his reluctant acceptance that regulation by Order might be necessary. He asked Elliot for his reaction to the suggestion made by Gilmour and Thomas that he should try again to secure voluntary restriction, this time threatening compulsion if no agreement was reached. The Minister of Agriculture stated his readiness to make one more attempt on that

basis. The Committee were agreed, with the exception of Runciman and Simon who had sent a statement of his views, that something had to be done. It was further agreed that the treaty position should be examined to ascertain if compulsion was possible.¹ In the event, voluntary regulation continued. In the summer of 1936, the egg and poultry producers voted overwhelmingly in favour of an increased tariff without any marketing scheme. The following year a subsidy was given to home producers. Despite the recommendations of the Reorganisation Commission, no pre-war marketing scheme was agreed upon by the egg and poultry industry although there was a successful National Mark Scheme and central packing stations.

In the spring and early summer of 1935, many of the Cabinet were involved, as we have seen in chapter 5, in discussions with Lloyd George. Agriculture was a major topic with two of the six meetings between Lloyd George and the General Purposes Committee devoted exclusively to its consideration. Elliot, as Minister, was naturally required to participate. Lloyd George's basic objective was to increase the farm population within a year by 500,000. This he sought to do by raising prices, so raising home production, so increasing employment. The commodities which he considered provided the best opportunities for home production expansion were pig meat, vegetables and fruit. If there had to be protection, then he favoured an all-round tariff with Dominion preference rather than quantitative regulation.

¹ PMS (33) 17th meeting, 26 February 1935.

Elliot, at the first of the two meetings, declared the crux of the matter to be what rise in the cost of living could be contemplated. Prices at present were kept down by cheap imports.

In response to Lloyd George's assertion that prices had to rise in the interests of the home producers, Elliot pointed out that such an increase would have to be considerable before the farmers would get a fair return. He then cited the bacon industry as an example when increased production had not been accompanied by a proportionate rise in agricultural employment. Finally, he suggested that to return to the 1925 price level would involve an increase of £231 million in retail prices. On account of Lloyd George's disagreement with that figure, consideration of his agricultural proposals was adjourned for one day pending discussions between his own experts and those at the Ministry.¹ It was agreed the following day, however, that since the differences on facts and figures had not been clarified, a further meeting should take place this time with the attendance of Lloyd George and Elliot.²

The outcome of this and subsequent meetings was a statement of their respective opinions in the form of a memorandum entitled "Agricultural Production and Employment"³ which was considered by the Committee on 13 May. Elliot had serious doubts about the ambitious nature of the proposed programme which would require

¹ GP (35) 15th meeting 29 April 1935 in Cab.27/583 or LG Papers G152.

² GP (35) 16th meeting 30 April 1935.

³ GP (35) 36. Memo. by LG and WE of 10 May 1935.

a considerable increase in the consumptive capacity of the home market. The far-reaching reorganizational aspects of the scheme would only conceivably be accepted by the home producers in return for a very drastic tariff. He argued, too, that not only would a considerable import levy have to be imposed but also that quantitative restriction would have to be maintained in order to raise prices to such a level as to attract more people into agriculture. Lloyd George was in fundamental disagreement. He dismissed Elliot's figure of a £120 million increase in retail prices necessary to secure the home market for home producers. If the Cabinet accepted it, then there could be no justification for reconstructing agriculture on the basis of his proposals. He interpreted matters quite differently, however, believing that if the methods of production and distribution were improved then the home producer could receive a remunerative price without affecting the consumer. He did, however, agree that the dumping of imports should be stopped and accepted that the result would be a rise in the consumer price but he felt that this would be accepted on the grounds that the home producer was being helped against the foreign supplier.¹

Elliot was sympathetic to Lloyd George's expansion objectives but the reality was that he had already lost that particular battle, defeated by the Board of Trade, the C.E.I. and the I.D.C. which had convinced the Cabinet against any substantial development of British agriculture. Lloyd George's proposals,

¹ GP (35) 18th meeting 13 May 1935.

therefore, had from the outset stood no chance of acceptance. The General Purposes Committee did in fact consider using part of the C.E.I. Report in its published reply to the proposals but thought better of it, deciding to maintain the document's confidentiality and its authors' anonymity. Section III of the eventual reply dealt with agriculture and can be summarised briefly. It stated that a programme of settling 500,000 on the land could only be done if at all possible at the expense of large price increases and with immense repercussions on trade. The Government was not willing "to commit the country to so hazardous and uncertain an adventure." The possibilities for increasing consumption of home produce were seriously exaggerated. In any event, the desired increase in prices would discourage this. The curtailment of Dominion and foreign exports would have drastic effects on trade and political relationships, repercussions in the former leading to increased unemployment in Britain's industrial population.¹

At the same time as the talks with Lloyd George were being held, the all important meat policy discussions had begun in London with the Dominions now represented by their respective Premiers and Cabinet Ministers. The Australian Prime Minister, J.A. Lyons, was so concerned that he had arrived early in late March with his Minister for Commercial Treaties, Sir Henry Gullett, and his Attorney General, Robert Menzies. As a result, a separate series of meetings on the meat proposals had already been held

¹ Government reply is in GP (35) Cab.27/583 later published in the National Press.

with Thomas, Runciman and Elliot putting the British case. The talks had started off badly and deteriorated as time went on, with the Australians insisting on their entitlement to an expanding share of the market at the expense of foreign suppliers. In particular, Gullett declared that Australia should be allowed to switch freely from frozen to chilled beef, the mainstay of the Argentinian meat trade. He drew up a plan whereby Argentinian supplies would be reduced with a 1d per pound levy on chilled beef and $\frac{1}{2}$ d on frozen. Dominion exports, on the other hand, would not be subject to a quota, with only their chilled beef being dutiable at the rate of $\frac{3}{8}$ per lb. He also insisted that Australia be permitted to greatly increase her lamb and mutton supplies to a level that would mean a 50% increase in five years.¹

Thomas, Runciman and Elliot seem to have restrained themselves from publicly expressing their exasperation at the Australian attitude but made it quite clear at a private meeting.² The Australian delegation, however, was not exactly confident of success. Menzies summed up their pessimism on the way talks were going in a private letter to a colleague in Canberra in which he also assessed the British representatives. Thomas he felt was a shrewd politician but failed to comprehend the Dominion standpoint and was obsessed with the notion that Australia had been dishonest at Ottawa. Runciman was "an excellent type" but espoused his department's apparent preferential consideration for

¹ Economic Discussions with Australian Ministers, EDA (A) 35 in Cab. 32/124. For a fuller discussion of the proceedings, see Ian Drummond: Imperial Economic Policy 1917-1939, p. 342-344.

² EDA (35) 11 April 1935.

the Argentine over Australia. As for the Minister of Agriculture, Menzies wrote that "Walter Elliot impresses me personally very much, but is, of course, hard driven by his primary producers, and is therefore scarcely likely to make bargains which will be of much use to us."¹

At one stage, the negotiations were broken off by Australia but then two further meetings were held with the last being on 20 May at which there was an inconclusive preliminary discussion of proposals put forward by J.H. Thomas. By this time the New Zealand Premier, G.W. Forbes, and his Finance Minister had arrived in Britain for the negotiations. Canada and South Africa continued to rely on their High Commissioners and were in fact to play little part in the series of six meetings which began on 21 May.² Throughout the discussions, New Zealand's attitude was conciliatory, but Australia persisted in being uncooperative. The British Ministers made their policy quite clear at the first meeting, namely that expressed in the March White Paper of a levy with Dominion preference, with supply regulation being done through the medium of a Meat Council.³

Before the second meeting, the Produce Markets Supply Committee met for the last time to formulate detailed proposals and negotiating tactics. It had been so authorised by the

¹ Robert Menzies to Richard Casey 18 April 1935 in Sir George Pearce Papers MS 213 Ser.5, National Library of Australia - quoted in Ian Drummond: British Imperial Policy p.224.

² Economic Discussions with Dominion Ministers EDD (35) in Cab.32/126. See Ian Drummond: Imperial Economic Policy 1917-1939 p.344-349.

³ EDD (35) 1st meeting 21 May 1935.

Cabinet on the understanding that there should be a levy sufficient to cover deficiency payments to home producers, that the beef market be regulated by a Meat Control Board of British, Dominion and possibly Argentinian representatives, and that it must be ensured that no extra onus would fall on the Exchequer should the market situation deteriorate.¹ The P.M.S.C. discussed basic levy rates of $1\frac{1}{4}$ d or 1d on foreign beef with 1d Dominion preference in either case. Elliot felt most strongly that the Dominions should be subject to a token $\frac{1}{4}$ d levy so as not to encourage the assumption of the right of free entry. It was however accepted that although the British Ministers should do their utmost to have the higher rate accepted, it might prove necessary to resort to the lower rate in order to secure agreement. The P.M.S.C. agreed that the duties would be on a sliding scale governed by beef prices for which an upper and lower price level would be defined and that there should be an excess levy on shipments exceeding the allocations of the Meat Board.²

At this stage only the $1\frac{1}{4}$ d and $\frac{3}{4}$ d subsidy plan was shown to the Dominions and the Argentine. The proposals were not acceptable to either, with the Argentine declaring the $1\frac{1}{4}$ d levy on chilled beef as out of the question and the 1d preference as excessive.³ The second and third negotiating sessions made little progress with Sir Henry Gullett insisting that action be

¹ Cab. 30 (35) of 22 May 1935.

² PMS (35) 18th meeting, 24 May 1935.

³ Ian Drummond: Imperial Economic Policy 1917-1939 p. 346.

taken against the Argentine and not the Dominions and repeating his demands for a sizeable preference and a guaranteed expanding share in the chilled beef market. Elliot, Thomas and Runciman were not unnaturally in despair at his attitude. They asserted that if their proposals were to be modified at all, it would be in the Argentine's favour in order to secure agreement. Elliot threatened that unless the Dominions could come up with a scheme agreeable to the Argentine, then an all-round cut would be imposed.¹ The impasse was discussed at a private meeting of the British Ministers on 24 June. The intransigence of Sir Henry Gullett had brought the negotiations back to square one. Thomas and Runciman felt it might be necessary to break off discussions but Elliot disagreed, believing that some agreement could be reached based on the continuation of the subsidy for some months, a smaller levy, and some concession to Australian chilled beef.²

At two meetings with the Dominions that same day it was agreed that the proposals again be put to the Argentine for consideration as a three year policy, this time omitting any suggestion of a guaranteed expanding share of the chilled beef market for Australia.³ The final plenary session took place on 3 July after British and Dominion officials had worked out the details. Thomas informed the Dominion delegates that the talks would resume upon receiving a reply from the Argentine. He also clarified the lamb and mutton position, affirming that

¹ EDD (35) 3rd meeting, 19 June 1935.

² EDD (UK) (35) 2nd meeting, 24 June 1935.

³ EDD (35) 4th & 5th meetings, 24 June 1935.

Britain would continue to regulate supplies, and an import programme for 1936 was subsequently arranged. The draft proposals, therefore, were solely concerned with beef.¹

The negotiations, in reality, achieved very little. The Dominion Governments accepted a revised draft only as the basis for further talks while the Argentine did not respond for many months. In the event, meat discussions had to begin all over again in the spring of 1936 by which time the Dominions had hardened their attitude even more and refused to consider the $\frac{1}{4}$ d chilled beef duty they had agreed to in August 1935. In the meantime, of course, Elliot had to act to protect the home producers. In the circumstances, it was quite evident that the only possible solution was yet another extension of the subsidy. In the middle of the negotiations with the Dominions, Elliot had introduced in Parliament an Order to extend the subsidy for three months until the end of September. This was done under a proviso of the Cattle Industry (Emergency Provisions) Act of March 1935. To extend the subsidy beyond September, however, required new legislation.

The Cabinet, meeting the same day as the last meeting with the Dominions, agreed that Elliot should introduce a new bill to extend the cattle subsidy from September 1935 to June 1936, with provision for a further and final extension if necessary until the expiry of the Argentine agreement in November 1936.² In his memorandum covering the draft bill, Elliot accepted that a

¹ EDD (35) 6th meeting, 3 July 1935.

² Cab.35 (35) of 3 July 1935.

conclusion to the difficult and protracted negotiations "will clearly be at best a matter of weeks, if not months." There would be further delay before any levy-subsidy could be operated while meat supplies in transit were landed and the proposed Meat Conference organized. Elliot admitted that the cattle section of the livestock industry showed no improvement from the 1934 position for the increase in Dominion supplies had neutralised the effect of restrictions on foreign and Irish Free State supplies. Pending agreement on the levy-subsidy proposals, the only alternative to a continuation of deficiency payments to home producers was drastic cuts in Dominion supplies. It was, however, only a theoretical alternative for although no longer under any Ottawa commitment on this score, it was generally recognised that such a policy "would in present circumstances be politically impracticable."¹

In moving the money resolution of the Cattle Industry (Emergency Provisions) (No.2) Bill, Elliot restated the Government's long-term policy.

"The proposals before the Committee lead towards and interlock with the arrangements which the Government will bring into operation as soon as agreement can be reached or, failing agreement, as soon as treaty obligations permit."²

There was no question of indecision on the Government's part, rather was it a case of having a scrupulous regard for treaty obligations that necessitated taking these transitional measures. The Government had a clear vision of what it was aiming at but it

¹ WE memo. CP 133 (35) in Cab.24/255.

² 15 July 1935, 304 H.C. Deb. 5s col 770.

could not bring it about immediately and, adhering to its undertaking to safeguard home producers, it regarded the extension of the subsidy which was, Elliot reminded the House, a recoverable advance, to be the best line of action at the present time.

The Cattle Industry (Emergency Provisions) (No.2) Bill received its Second and Third Readings without much ado, with only token Opposition resistance on the grounds that the Government was not taking complementary measures to promote efficiency in the livestock industry. The beef question was certainly the predominant one in the summer of 1935 but the Government took action in several other branches of agriculture at this time, with Elliot as Minister having one of his busiest periods as the Parliamentary session drew to a close.

The bacon industry had been subjected to a complete review by a sub-committee of the P.M.S.C. appointed on 16 January. Its terms of reference were threefold: to review the workings of the relevant marketing schemes with consideration as to whether home production should be limited and whether there could be an immediate relaxation of the existing limit of total supplies without serious repercussions on price levels; to examine the possibility of adapting a levy-subsidy policy to replace wholly or partially that of quantitative regulation; and to investigate the extent of and reasons behind any disparity in the cost of pig and bacon production between Britain and foreign countries. The Committee was chaired by Lord Halifax with civil servants representing the Foreign Office and the Dominions and junior Ministers for the Treasury and the Board of Trade. Elliot,

however, attended the Committee in person. He favoured the retention of the main features of the bacon scheme instead of re-opening negotiations with a view to effecting a complete change of policy but he had to compromise given the wishes of the majority. After three meetings and consideration of memoranda and reports from Elliot and from a sub-committee of officials, the Committee drew up its report. Its main conclusion was that it would be practicable to adopt a levy-subsidy policy while maintaining quantitative regulation although some increase in foreign supplies would be allowed. The home industry should face a two year stabilisation after the 80% rise in home production that had occurred under the bacon and pigs marketing schemes.¹

Early in June 1935, Elliot announced in the Commons the intended change in bacon policy that the Government was planning for 1936 subject to the agreement of those foreign countries currently permitted free entry.² The following month, he introduced the Bacon Development Scheme which established a board comprised of representatives from both the pigs and the bacon marketing boards plus three delegates appointed by the Minister of Agriculture. The new board, envisaged by the Lane-Fox Report and supported by both producers and curers, had powers to determine such things as what the factory capacity for the bacon-curing industry should be and to grant licences and

¹ Proceedings of the Produce Markets Supply Sub-Committee on Pigs & Bacon: Cab.27/561. Report: PMS (33) 39 of 15 May 1935.

² 7 June 1935, 302 H.C. Deb. 5s cols 2185/6.

indeed to close down factories. Such powers were unprecedented and represented an experiment as indicated by Elliot.

"We have had to move between the Charybdis of chaos and the Scylla of over organisation and all that one can say is that, when a scheme is criticised from one quarter on the ground that it is not doing enough and from another on the ground that it is doing too much, it is possible that the happy medium is somewhere in between."¹

Sugar was another commodity dealt with in the summer of 1935. The Cabinet had hoped that the Greene Committee of Inquiry would report before the sugar beet contracts for 1935/1936 were issued but as this had not been possible, it had been announced in February that the subsidy would be extended for another year. Elliot introduced legislation to effect this, stressing that it was an interim measure to allow the Government to consider the Greene Report which it had now received.² Labour spokesmen talked of the need for reorganisation but did not oppose the continuation of the subsidy. The main opposition as with the previous extension came from the Liberals.

In the meantime, the Cabinet had appointed a Ministerial Committee to consider the Report of the Commission of Inquiry.³ The Beet Sugar Committee was chaired by Chamberlain with Elliot, Runciman, Thomas, Malcolm MacDonald, Percy, and Collins as its other members. The Greene Report was not unanimous. The majority of the Committee of Inquiry were against continuing to assist the beet sugar industry and suggested farmers find

¹ 26 July 1935, 304 H.C. Deb. 5s col 2236.

² 27 June 1935, 303 H.C. Deb. 5s cols 1289-1295.

³ Cab.30 (35) of 22 May 1935.

alternative crops. If the Government did however decide to continue aid, then it should be in the form of an Exchequer subsidy as at present and in that event, the industry should be reorganized with control by a permanent commission and with the amalgamation of the beet sugar factories.¹ The Beet Sugar Committee, with only Runciman dissenting, rejected the majority recommendation that the subsidy should be tapered off. Instead it reported to the Cabinet that there was no practical alternative to the continuation of the subsidy and proposed that the measures recommended by the Greene Report to be taken in event of such a decision, should indeed be introduced.² The Cabinet accepted the Report of the Beet Sugar Committee and authorised Elliot to make a policy statement in the Commons after informing the industry itself.³

Elliot announced the tripartite policy to the House on 30 July: the subsidy was to be continued for an unlimited period of time but only for a volume of 560,000 tons which was the amount grown at present; an independent sugar commission was to be set up to supervise the industry; and the beet sugar factories were to submit a scheme for amalgamation to the commission which in turn would submit it to the Government with a view to having legislation introduced to make a beet sugar corporation operative by 1 April 1936.⁴ There was at this stage only a short discussion

¹ Report of the United Kingdom Sugar Industry Inquiry Committee: Cmd.4871.

² Proceedings of the Beet Sugar Committee: Cab.27/586.

³ Cab.40 (35) of 24 July 1935.

⁴ 30 July 1935, 304 H.C. Deb. 5s cols 2469-2471.

in the Commons of the proposals. The real debate was to take place in February 1936 with Elliot's introduction of legislation to effect the long-term sugar policy.

In addition to his statement on beet sugar, Elliot in July 1935 made a policy statement on dairy products. In 1934, the Government had failed to get the Dominions to agree to voluntary restriction and in consequence had given a two year subsidy to dairy farmers. Elliot now favoured reiterating to the Dominions at this stage the Government's intention to implement a levy-subsidy policy. Thomas, however, felt that a detailed plan should be worked out by an inter-departmental committee. In turn, the committee favoured deferring a policy statement until early 1936, before the expiry of the Milk Act in March. After all, a levy-subsidy could not be imposed before January 1937 as foreign agreements ruled out any increase in duty and thus, given the Ottawa pledge to maintain the imperial preferential margin, no levy could be put on Dominion dairy products until that on foreign supplies was increased. In fact, however, Elliot went ahead and explained the position to the Dominions. In the meantime, Thomas assured them that the Government did not intend to impose quantitative control on Dominion produce until March 1936 at the earliest although the relevant Ottawa commitment expired in August 1935.¹ In his Commons statement of 25 July, Elliot declared that the Government intended to implement a levy-subsidy policy in the future should home producers require

¹ DO 35/291/9291/355, 363 & 370. ED (D) (35) 18 in Cab.32/126.

further assistance and that the whole dairy products situation would be reviewed before March 1936.¹

Agricultural policy including the commitment to a levy-subsidy for many products figured highly in speeches made throughout the country in June and July 1935 not only by Elliot but by the new Prime Minister, Stanley Baldwin. Both stressed the success of the levy-subsidy method in its present one application under the Wheat Act. Baldwin, speaking at Halstead in Essex from a brief from Elliot's Ministry, reviewed and compared the past and present state of British agriculture. Protection by tariff worked well for certain products like oats and potatoes but would not do for staple foods as it would have a severe effect on retail prices. Quantitative regulation had been experimented with but the Government now believed that it should be superseded.

"We have learned by experience. We want to get rid so far as possible of those perpetual alterations of quotas which cause nothing but friction in our Dominions and among those who should be our best trade friends."

The exception to this was mutton and lamb for which quantitative regulation had been successful. For other commodities presently controlled in this way like beef and bacon, the Government had decided that the best method would be a levy-subsidy as in the case of wheat.²

Elliot spoke in similar terms of the Government's long-term

¹ 25 July 1935, 304 H.C. Deb. 5s cols 1933-4.

² The Times 22 July 1935.

policy intentions. He also, however, dealt with a more immediate matter. The requisite number of milk producers had demanded a poll as to whether the Milk Marketing Board should be retained. Elliot confirmed that the Government would accept a negative verdict but stressed the Board's achievements. There were three objectives common to both producers and the Government: higher consumption of milk; cheap supplies to where they would benefit most, for instance in schools; and cooperation between the industry and the Government. The question to be asked, asserted Elliot, was whether these three objectives would be helped or hindered by the abolition of the Milk Marketing Board.¹ In the event, the producers overwhelmingly voted to retain the Board, the results of the poll being announced in August 1935.

After a busy summer of policy formulation, negotiations and legislation, agriculture all but faded from the political scene during the second half of 1935. The fact was that every pressing agricultural question had been dealt with and thus there was a lull in policy-making. The Produce Markets Supply Committee which had under MacDonald acted as the agricultural mini-Cabinet was not re-appointed by Baldwin when he took over as Prime Minister in June 1935 and no committee to take its place was appointed until 1936. Agriculture featured prominently in the National Government's Election Manifesto, "A Call to the Nation", but received no mention whatsoever in the King's Speech after the November poll in which Elliot was so narrowly

¹ SB Papers vol. 202.

re-elected. As the Christmas recess approached, Elliot made no major speeches in Parliament. Apart from a short debate on the Bacon Development Board, the only other matter of note was legislation to effect certain modifications to the Pigs Marketing Scheme as a result of a public inquiry.¹

The most immediate question facing Elliot in early 1936 concerned the milk and dairy products policy with the Milk Act due to expire in March. In his July statement, Elliot had promised a complete review of the whole dairy produce situation but with the Government's hands still tied by treaty obligations and with the report of the Milk Reorganisation Committee not now expected until early summer, Elliot saw no alternative to extending the provisions of the Milk Act for 18 months until 1 October 1937.² The money resolution of the Milk (Extension of Temporary Provisions) Bill was moved on 17 February by Herwald Ramsbotham who had succeeded Lord de la Warr after the General Election as Elliot's Parliamentary Under-Secretary. His appointment took a lot of pressure off Elliot as far as conducting legislation in the Commons was concerned. The Liberal and Labour Opposition repeated their arguments in favour of subsidising all surplus production to provide cheap milk in needy areas as well as increasing school supplies. To Tom Johnston, the word surplus was a misnomer for "there has never been a surplus, and there cannot be a surplus until every human

¹ 17 December 1935, 307 H.C. Deb. 5s cols 1681-4.

² Cab.3 (36) of 29 January 1936.
Cab.6 (36) of 12 February 1936.

being in this land gets enough."¹ All Opposition speakers, however, knew how passionately Elliot felt about improving public health and nutrition standards and their criticism was frequently laced with references to his own beliefs. Ellen Wilkinson was just one speaker to touch on this.

"We ought to have a nationalised milk supply and nobody knows it better than the Minister. Nobody could make a more impassioned speech on this subject than the Minister could if he were where he ought to be, and that is over here."²

In reply, Elliot warned against fusing the two objectives of maintaining milk production and securing the health of the future generation.

"If we advance the cause of health in the schools on the grounds of merely finding a receptacle for the surplus of milk or anything else, we shall defeat our own objects. People do not like an approach like that; they will not stand it. The children ought to be treated from the point of view of citizens whom we wish to upbuild, not as ash-cans into which we can tip any surplus we may happen to have at the time."³

He stressed too the value of subsidising the surplus milk for manufacturing purposes since it meant that more nutritional milk products like butter and cheese were available. Elliot returned to this theme three days later, moving the Second Reading of the Bill. Without Exchequer assistance, there would have been widespread bankruptcies in the dairy and liquid milk

¹ 17 February 1936, 308 H.C. Deb. 5s col 1456.

² 17 February 1936, 308 H.C. Deb. 5s col 1488.

³ 17 February 1936, 308 H.C. Deb. 5s col 1535.

industry. Elliot emphasised that the very fact that the subsidy benefitted everyone was the fundamental justification for extending the legislation and in this connection, he compared it to the housing subsidy.

"In both cases the great majority, the great weight, of the subsidy goes right through to the consumer, of the house in the one case, of the butter and cheese in the other, and I say that an injustice is done by merely considering this as a subsidy to the agriculturalist, as if it was something being pocketed by the farmer and not passed on to the community as a whole."¹

In Committee, the Labour Party moved an amendment to cut the Bill's intended duration from eighteen to six months but it was withdrawn after Elliot stressed that a short-term extension would serve to keep the milk industry in constant turmoil. The Government had to have time to consider both the report of the Milk Reorganisation Commission and that of the Committee of Investigation presently arbitrating in the price dispute between the Milk Marketing Board and the Central Distributive Committee. The six month limit was moved again in the Third Reading but to no avail and the Milk (Extension of Temporary Provisions) Bill was passed unaltered.

The Committee of Investigation sat for thirty-six days to consider the complaint by distributors that the Milk Marketing Board was asking too high a price, more than the average pool price paid to the producers. In April, it reported against the Board and declared that the proper price should have been 15/3d

¹ 20 February 1936, 308 H.C. Deb. 5s col 2079.

per gallon and not 15/6. This was to be rectified by a reduction in cost during the second quarter of the year.¹

The Milk Reorganisation Commission sat for infinitely longer than expected and did not report until November 1936 by which time Elliot was no longer Minister of Agriculture. His successor, W.S. Morrison, introduced in the following year legislation to carry out the far-reaching reorganisation proposed by the Commission, primarily the establishment of a Milk Commission with overall control of all the schemes. Opposition to this measure was such, however, that the Government had to withdraw it, the episode doing great damage to Morrison's personal political reputation.

In February 1936, Elliot introduced legislation dealing with another commodity, beet sugar. The Sugar Industry (Reorganisation) Bill was to implement the measures announced by Elliot in July 1935, namely the establishment of a sugar commission and the amalgamation into one financially assisted company of all factories manufacturing sugar from home grown beet. Elliot declared that the proposed economies were drastic but had to be so to justify such a scheme and were made possible by the strides made towards cheaper manufacturing. The Greene Report had stated that Britain's sugar industry could not be self-sufficient or thrive in face of world competition. Elliot, however, pointed out that many other agricultural products were in the same situation with imported supplies sold cheaper than the home production cost. His policy would protect and improve

¹ Stanley Baker: Milk to Market p.90.

the home industry while allowing the consumer to continue enjoying cheap sugar.¹

The Labour Party, on the other hand, sought public ownership and control, arguing that the Government was setting up and assisting a private monopoly. A.V. Alexander declared that the Bill was a ~~major~~ instalment of the corporate State by legislation which was in fact Elliot's true objective.

"He is the man who really believes in his heart that capitalism on the old basis cannot live. He is the man, if he had his way, who would by any kind of legislation introduce the corporate state tomorrow and do his utmost to work it."²

Opposition Liberals took the view that state assistance to the sugar industry should be phased out altogether. Ramsbotham however dismissed the notion that the industry could tail off rather than shut down immediately. If assistance was withdrawn, thousands of acres would go out of cultivation, there being no serious alternative crop, and thousands would be rendered unemployed. If the measure was as interpreted in some quarters a small dose of socialism then it could be defended, asserted the Parliamentary Under-Secretary on the grounds that "it is common medical practice to inject small doses of virulent bacilli into a patient in order to secure for him some sort of immunity."³

The Sugar Industry (Reorganisation) Bill spent eleven days

¹ 10 February 1936, 308 H.C. Deb. 5s col 591-606.

² 10 February 1936, 308 H.C. Deb. 5s col 682.

³ 10 February 1936, 308 H.C. Deb. 5s col 702.

in committee¹ finally reaching the Report Stage and Third Reading in early April. Elliot once again stressed the experimental nature of his legislation.

"No practical agriculturist will deny that we have made a bold new experiment. We may be blamed by some for going too far and by others for not going far enough, but it is an experiment which has been boldly conceived and vigorously executed."²

The revolutionary effect of introducing a root crop into rotation had first been proven by turnip growing and now beet had already proved its worth by preventing the depression of agriculture in the Eastern Countries. The measures taken to maintain the sugar beet industry on a permanent basis represented the creation of a new British enterprise.

In the meantime, Elliot's colleague, the Minister of Labour, was initiating legislation in the formulation of which Elliot had been directly involved. This measure provided an unemployment insurance scheme for agricultural workers. The first step towards this had been taken back in 1934 with the Unemployment Insurance Statutory Committee chaired by Sir William Beveridge and set up under the Unemployment Insurance Act being asked to give the issue its immediate consideration. Its Report was examined by a Cabinet Committee set up in January 1935 of which Elliot was a most vocal member.³ Elliot was not however present at the first meeting, the outcome

¹ Standing Committee D: Official Report 1936.

² 7 April 1936, 310 H.C. Deb. 5s col 2705.

³ Proceedings of the Unemployment Insurance for Agriculture Committee: Cab.27/580.

of which was merely to recommend to the Cabinet that it agree in principle with the insurance of agriculture against unemployment.¹ Despite the fact that time was short for legislation to be introduced providing for the payment of benefits in the winter months after a period of six months of contributions, the Cabinet seemed disinclined to move quickly on this issue. By the time the Cabinet Committee met again, it had to contemplate the possibility of a three month period of contributions with the Exchequer providing the balance to facilitate the commencement of benefit payments in December.²

The Committee rejected the 4d contribution rate suggested by the Unemployment Insurance Statutory Committee on the grounds that the scale of benefit it would provide would be so low as to require supplementation and thus negate the actuarial principle of unemployment insurance. Instead it considered a contributory rate of 4½d or 5d. Elliot argued strongly in favour of the lower rate asserting that anything higher would cause considerable hardship to many agricultural workers and indeed the Committee came out in favour of the lower rate. As regards the timing of the scheme, Elliot did not accept the point made by Thomas and Stanley that the Government would be criticised if it produced an insurance scheme for agriculture before announcing its decision on the Unemployment Assistance Board regulations. Elliot declared that any comparison made

¹ UIA (35) 1st meeting, 15 January 1935.

² UIA (35) 2nd meeting, 7 March 1935.

would be with unemployment insurance benefit and not assistance.¹ He did however accept that it would not be possible to introduce legislation during the current session to provide for benefit to be paid in the winter months since a scheme necessitating initial Treasury contributions would constitute a breach of the contributory principle and might create a precedent. At the Cabinet meeting of 1 May no decision was taken on the timing of legislation. Indeed it was only at this stage that the Cabinet formally accepted the principle of unemployment insurance for agriculture.² In the event, legislation was postponed until after the General Election but it did appear before the issue of the new unemployment insurance regulations with the Bill's introduction just before the Christmas recess and the remaining stages in the first half of 1936.

At this time too, the Government was putting the finishing touches to a historic piece of legislation to extinguish tithe rent charge. As Minister of Agriculture, Elliot was responsible for dealing with this age-old and thorny question which had long since been a source of grievance particularly on ecclesiastical-tithed land. The fall in agricultural prices had led to many tithe payers being unable or unwilling to make prompt payment. In 1934, Lord de la Warr, at that time Elliot's Parliamentary Under-Secretary, had introduced in the Lords a bill to mitigate certain features of tithe payment but this had been dropped after strong agricultural protest. Elliot

¹ UIA (35) 3rd meeting 11 April 1935.

² Cab.25 (35) of 1 May 1935.

had favoured proceeding with the bill and then setting up a Royal Commission but he had been overruled in Cabinet,¹ the bill abandoned and the Royal Commission under Sir J. Fischer-Williams appointed straightaway to examine the whole question. In their Report submitted to the Cabinet in November 1935, the Commission recommended the extinguishment in 40 years of all tithe rent charge, be it lay or ecclesiastical, on urban or agricultural land. This was to be achieved by the present tithe payer paying the Treasury a fixed sum for 40 years, the amount received being used to compensate the Church and lay tithe owners.

The Commission did not however touch on the question of compensation to local authorities for the loss in rates that would ensue since the tithe was a rateable hereditament. It was this aspect that caused considerable argument in the Cabinet Committee set up to consider the Report.² Chamberlain produced a self-financing scheme encompassing every aspect including that of compensating local authorities but it was to take 60 years, not 40. Elliot was strongly opposed to such a plan since he felt that tithe payers should not alone have to compensate local authorities and he produced a rival scheme based on a 50 year time-scale which required moderate Exchequer contributions. Chamberlain however stood firm and refused to consider any proposal which involved additional costs to the Exchequer. The rest of the Committee supported him leaving

¹ See Cabs. 20, 21, 22 of 9, 16, 30 May 1934.

² Proceedings of the Tithe Rent Charge Committee: Cab.27/595.

Elliot alone in dissent.¹ Ultimately, however, although still unhappy at his colleagues' departure from the Commission's Report at the expense of the tithe payer, Elliot accepted the views of the majority and worked towards introducing legislation based on Chamberlain's scheme.

The Royal Commission Report was published together with a policy statement from the Government towards the end of February 1936.² With a few minor changes, legislation to enact the proposals was introduced by Elliot in May. Former agricultural tithe payers were to pay £91.11.2d per £100 rent charge for 60 years with the proviso that where the redemption annuity exceeded $\frac{1}{3}$ of the schedule B value of the agricultural holding, the excess was not payable. Present urban tithe payers were to pay £105 per £100 rent charge also for 60 years. In both cases, the payments with income tax remission³ were deemed as a personal liability to be collected for seven years by the Tithe Rent Charge Commission and thereafter by the Inland Revenue. Payments received were to be put into a special account out of which compensation was to be paid to various bodies. The Church of England was to receive a £2 million lump sum with in addition annually the difference in the redemption annuity paid by the former urban and agricultural clerical tithe payers.

¹ TR (35) 2nd & 3rd meetings 12 & 18 December 1935.

² Cmd. 5102.

³ The rate of remission was changed by a Government amendment during the Committee stage of the Bill from $\frac{2}{3}$ to $\frac{5}{6}$. See Standing Committee D Report on the Tithe Bill.

Lay tithe owners were to be compensated with £70 million of guaranteed stock at 3%, redeemable at par in 60 years. Finally, local authorities were to receive 60 annual payments of £600,000 in compensation for a lost rateable source.

The Labour Party made predictable noises about the need for public ownership of land and the failure of the bill to adequately remove the financial burden on the former agricultural tithe payers. Elliot's conduct of the Tithe Bill in the Commons was, however, acclaimed by its supporters and opponents alike. He showed a complete understanding of every aspect of the complex legislation and at every stage impressed with lucid expositions and explanations of the provisions of the bill. On the Third Reading, Ramsbotham paid fulsome tribute to his chief for successfully steering a course between the tithe owners and the tithe payers without being wrecked on the Treasury rocks.¹ Elliot's industry and parliamentary competence was a major factor in the expeditious passage of the legislation and was universally admired, albeit grudgingly by the Opposition who resented the limitation of potential amendments by the terms of the money resolution. For Elliot himself, the Tithe Bill presented a first-rate opportunity to demonstrate his political versatility. On a lighter note, the irony of a Presbyterian Scot presiding over legislation dealing with one aspect of the establishment of the Church of England appealed to him greatly. In departmental terms, however, the Tithe

¹ 29 June 1936, 314 H.C. Deb. 5s cols 50/51.

Bill was completely overshadowed by the major agricultural question facing Elliot in his last few months as Minister, that of the Government's long-term meat policy.

In April 1936, in response to a suggestion by Elliot and Runciman, the Cabinet set up the Trade and Agriculture Committee to consider pressing policy questions.¹ The Committee was in effect the successor to the P.M.S.C. and although it dealt with other commodities during Elliot's last few months as Minister of Agriculture, its major preoccupation was meat policy.² By April 1936, there had still been no formal reaction from the Argentine on the policy agreed between Britain and the Dominions in August 1935, the main proposal of which was a $1\frac{1}{4}$ d per lb. levy on chilled beef imports with 1d Dominion preference. At the time, the Dominions had accepted such a scheme as a basis for further consideration pending Argentinian comment. However, in the intervening months between August 1935 and April 1936, Australia had changed her mind and was now insisting on free entry for her beef. Although levy rates of $1\frac{1}{4}$ d and $\frac{1}{4}$ d per lb. on foreign and Dominion chilled beef had been enshrined in the proposals of August 1935, in private Elliot and his colleagues had doubted ever getting the Argentine to accept such a high levy on her own imports or to concede a 1d Dominion preference. In early April 1936, a committee of officials set up by the T.A.C. asserted that in its opinion the highest levy that would be acceptable to the Argentine would be $\frac{3}{4}$ d per lb.

¹ Cab.28 (36) of 8 April 1936.

² Proceedings of the Trade and Agriculture Committee Cab.27/619.

The question then for the T.A.C. was to decide whether Britain should denounce the Anglo-Argentinian Agreement by 6 May so as to be free to take such action as it liked after the Agreement's expiry in November, or to open negotiations with the Argentine towards securing an agreement built round a $\frac{3}{4}$ d per lb. levy on chilled beef.¹

It was at the third meeting of the T.A.C. on 4 May that the decision was made which held out a real prospect of agreement and at the same time spelt the abandonment of a self-financing levy-subsidy beef policy. Until this meeting, it had been assumed that the levy must pay not only for a complementary subsidy to home producers but also for the Exchequer advances made since July 1934. The proposed $1\frac{1}{4}$ d and $\frac{1}{4}$ d on foreign and Dominion chilled beef respectively would accomplish just that. Chamberlain however took the view that if at all possible Britain's long-term meat import policy should be implemented by agreement, not unilaterally, and he accepted the opinion that there could be no agreement centred round a levy of more than $\frac{3}{4}$ d per lb. on Argentinian chilled beef. In these circumstances, Chamberlain, albeit reluctantly, declared his willingness to forego arrears and to continue an Exchequer subsidy to home producers indefinitely regardless of any levy yield. The unthinkable had occurred: Chamberlain, the most inflexible of Chancellors, was offering major concessions both in principle and substance which would facilitate an end to

¹ T.A.C. (36) 2nd meeting, 27 April 1936.

the protracted beef negotiations while at the same time guaranteeing long-term Exchequer assistance to home producers.

The Trade and Agriculture Committee immediately agreed that a $\frac{3}{4}$ d per lb. levy should be put on Argentinian chilled beef with corresponding duties on other beef, that the Dominions should be allowed free entry and the right to switch from frozen to chilled beef, and that there should be a Meat Conference to regulate market supplies.¹ With agreement also that there should be an indefinite Exchequer subsidy to home producers, it seemed that the course was set fair towards implementing the two now separate and no longer interdependent parts of the levy-subsidy policy. There remained, however, one considerable obstacle, Elliot's total rejection of Chamberlain's assertion that the amount of the subsidy must not be increased from its present level. Elliot pointed out that prices were now below the 1934 level when the subsidy was first introduced and declared that he would not accept the rest of the proposals until the question of the subsidy had been discussed further. In response, the T.A.C. agreed that Elliot, Chamberlain and Collins should confer on the matter.

The three Ministers met on 25 May in the Treasury Chambers. After bemoaning the fact that he had agreed in the first place to pay the subsidy in the expectation that it was temporary and repayable, Chamberlain made what he termed his maximum offer, a subsidy of £4.3 million per annum. Elliot, however,

¹ TAC (36) 3rd meeting, 4 May 1936.

supported by Collins, asserted that the rate of subsidy should be such as to ensure an average return of 42/- as had been the premise of the 1934 subsidy. This would require an annual payment of £5.2 million. If Chamberlain's proposal was implemented then production would fall leading to later agricultural problems and political repercussions. Elliot did accept Chamberlain's idea of the subsidy being decreasable in times of better prices but with the proviso that it could be increased too in times of lower returns. On the fundamental question, however, neither man would compromise and thus the conference ended in deadlock over the amount of the subsidy.¹

Chamberlain reported the stalemate to Baldwin who informed the rest of the Cabinet of the position two days later. He told his Ministers that Chamberlain as Chairman of the Trade and Agriculture Committee had reported that both its work and the Anglo-Argentine meat negotiations were being held up by the deadlock between himself on the one hand and Elliot and Collins on the other. Chamberlain with the concurrence of both his adversaries suggested that the matter be reviewed by a committee of impartial Ministers.² In other words, the difference was so acute and with neither side prepared to give an inch, the issue had to go to arbitration! The Cabinet agreed to this proposal and appointed a committee with Lord Hailsham in the chair and with Simon, Wood and Stanhope³ as its other members

¹ Meeting between Elliot, Chamberlain, Collins: TS/R/21
25 May 1936 in Cab.27/65.

² Cab.39 (36) of 27 May 1936.

³ Parliamentary Under-Secretary at the Foreign Office.

to consider the arguments of each side and report to the Cabinet which would then make a decision.¹

The Cattle Subsidy Committee met twice the following day. At the first meeting, Elliot and Chamberlain put their arguments in turn. After reviewing the circumstances that had led in 1934 to the introduction of the subsidy and the political reasons for its extension in preference to drastic quantitative control of Dominion supplies, Elliot insisted that home beef production could not be maintained on less than a 6/6d subsidy per live cwt. or £5.2 million per year and stressed the dangers of neglecting food production as had happened with munitions and armaments. He sought, too, safeguards for the home producer in the event of a meat crisis leading to a price collapse. Colville, deputising for Collins, asserted his agreement with Elliot before Chamberlain presented his case. It began with an account of what he termed the ill-treatment of the Chancellor of the Exchequer. All along the way, he had been assured that the subsidy was only a temporary advance. It was the old story of any concession by the Treasury leading to further and greater demands. He had made the supreme gesture of foregoing arrears and making the subsidy permanent only to be entreated to increase the subsidy amount. In an effort to reach agreement after his initial offer to continue at the present rate of £4 million per annum had been disdained, he had come forward with his maximum offer of £4.3 million.

¹ Proceedings of the Cattle Subsidy Committee are in Cab.27/605.

Chamberlain argued that agriculture was not unique and other industries for which a tariff would not be practical might justifiably quote the beef precedent and demand an Exchequer subsidy. Indeed, he doubted whether beef producers had any real claim at all to the present subsidy let alone the increased rate proposed by Elliot. In conclusion, Chamberlain declared that if the Committee did not endorse his argument in its entirety and instead recommended an increase in the amount of the subsidy, he could only accept such a verdict if it included certain safeguards. There had to be a maximum limit to the amount of subsidy payable and if prices rose beyond a certain level, the rate of subsidy would be correspondingly reduced. In addition, the Government must ensure that any agreement with the Dominions and the Argentine left Britain free to act in the event of a price collapse. Finally, Chamberlain wanted an undertaking that the Treasury would not be asked for any subsidy on oats. After Colville replied that the oats question should be separately considered, the Cattle Subsidy Committee adjourned until later the same day.¹

At the second sitting, Elliot responded to Chamberlain's statement. After stressing that for defence purposes it would be dangerous to abet the decline of food production, he offered to accept a maximum ceiling of 7/6 per cwt., agreeing that the Treasury should not be called upon to meet unlimited liabilities. He agreed too that if prices rose above a certain level, the

¹ CS (36) 1st meeting, 28 May 1936.

subsidy should be reduced and for this purpose suggested 44/6d as the level beyond which a reduction would be effected. Finally, he suggested that the rate of subsidy be subject to review by an outside body. W.S. Morrison, deputizing for Chamberlain, announced formal agreement with the proposal to reduce the subsidy if prices rose beyond 44/6d and went on to state that whatever figure the Committee decided upon in its arbitration between that of £4.3 million and £5.2 million must be regarded as a fixed amount in order that the Chancellor might be sure of his exact position. At this point, Elliot intervened to assert that he was not asking for the figure of £5.2 million to be put into legislation only for it to be considered as the maximum amount since he would prefer to enact a flexible provision. Elliot, Morrison and Colville then left the meeting. After further discussion, the Committee reached agreement and drew up its report for the Cabinet based on a fixed annual subsidy amount of £5 million.¹

The Cabinet discussed the findings of the Cattle Subsidy Committee on 10 June. Apart from recommending the £5 million annual subsidy which should work out at £3 million from the proposed levy on foreign beef plus £2 million from the Exchequer, the Committee agreed that the subsidy should be reduced if prices went beyond 44/6d. It recognised the objections to subsidies in principle and the dangers of that for beef being invoked as a precedent but it felt that in this case a subsidy was necessary.

¹ CS (36) 2nd meeting, 28 May 1936.

It stressed that the Chancellor could not have unlimited liability and that Britain must reserve freedom of action in the event of a meat war. It recommended that the subsidy be so adjusted as to encourage efficiency and quality production. Finally, it rejected Elliot's suggestion that an outside body review and fix the subsidy rate annually.¹ Neither Elliot nor Chamberlain emerged as clear victor in the subsidy dispute. The Cattle Subsidy Committee had perhaps leant more towards Elliot, certainly on the question of the amount of the subsidy, but at the same time it had met many of Chamberlain's anxieties. Its Report was fully approved by the Cabinet which then authorised Elliot to prepare interim legislation to extend the present subsidy arrangements for a short period until the long-term policy could be brought into operation.²

Under the terms of the Cattle Industry (Emergency Provisions) (No.2) Act of 1935, the beef subsidy due to end on 30 June could be extended for a further four months by Order. This the Government duly did with Herwald Ramsbotham conducting the measure through on 29 June.³ This allowed Elliot time to prepare new legislation to cover a further extension of the subsidy pending the introduction of a long-term measure. Before its introduction in the Commons, he made a major policy statement in which he outlined the Government's permanent proposals for safeguarding the livestock industry. At this

¹ Report of the Cattle Subsidy Committee. CP 152 (36) in Cab.24 series.

² Cab.41 (36) of 10 June 1936.

³ 29 June 1936, 314 H.C. Deb. 5s cols 177-180.

stage, Runciman was still negotiating with the Argentine and so no figure was mentioned but Elliot did say that legislation would be introduced in the following session to provide for the collection of a duty levied on foreign chilled and frozen beef and veal. This revenue would go to the Exchequer which was to fund the £5 million subsidy, legislation to effect which would likewise be introduced after the summer recess.¹

A few days after his policy statement, Elliot introduced the new Cattle Industry (Emergency Provisions) Bill to extend the present subsidy arrangements from 31 October 1936 until 31 July 1937 at the latest. The measure was greeted with criticism from every side. The Labour Party chiefly represented by Tom Williams and A.V. Alexander opposed it on the grounds that agriculture should not continue to be dealt with section by section. Instead there should be a comprehensive policy covering all commodities and promoting efficiency and reorganisation. These arguments were echoed by Robert Boothby on the Conservative left. He could perceive no fundamental principle underlying Elliot's agricultural policy. Not that Boothby objected to agricultural subsidies. On the contrary, he argued that other commodities like oats and barley should be similarly protected but as part of a long-term all-inclusive policy covering all cereal and livestock instead of the present piecemeal policy of "picking out one commodity here and another commodity there, and subsidising it at the expense of other commodities."² Conser-

¹ 6 July 1936, 314 H.C. Deb. 5s cols 841-843.

² 17 July 1936, 314 H.C. Deb. 5s col 2472.

vatives from the tariff wing of the Party felt that the subsidy was not sufficient and regretted that the longer-term arrangements could not be introduced immediately.

Elliot made a spirited and skilful defence of the bill and his agricultural policy in general. He defended the policy he had followed since becoming Minister of Agriculture, that of considering each commodity as a separate issue requiring individual treatment. He argued that the danger of over-organization and Whitehall bureaucracy was greater for agriculture than that of temporary measures.¹ With regard to the actual measure under discussion, Elliot emphasised that the beef subsidy benefitted not only producers but consumers too.

"The fact that we have been able, by means of a subsidy, to absorb a greater quantity of beef shows that at any rate in this instance the suggestion that the policy of the Government is one of restriction and of cutting down supplies does not hold."²

Indeed, it was the very fact that beef prices were at such an economic level and thereby a boon to consumers that production was now falling off and could not be maintained unless the subsidy was increased, as intended in the forthcoming long-term legislation.³

In the course of the debate on the Cattle Subsidy Bill, Elliot made no apology for the length of time the negotiations with the Dominions and the Argentine had taken. In reply to criticism that the Bill represented the sixth extension of the

¹ 17 July 1936, 314 H.C. Deb. 5s col 2494.

² 24 July 1936, 315 H.C. Deb. 5s col 995.

³ 13 July 1936, 314 H.C. Deb. 5s col 1697.

cattle subsidy since its initiation in 1934, Ramsbotham declared that a three year subsidy introduced then would not only not have commended itself to those who criticised now but would have prejudiced the negotiations and the hopes of agreement that had prevailed at the time.¹ As it turned out, the talks had been difficult and protracted. Only now in the summer of 1936 was there a real prospect of agreement and that had come about because of Chamberlain's decision that British beef producers should receive a permanent subsidy from the Exchequer regardless of any revenue that it might recoup from a duty on foreign imports.

The two parts of the Government's beef policy, the subsidy and the import levy, for so long regarded as interdependent, were treated from this stage onwards as two separate matters requiring independent legislation. With regard to the former, Elliot submitted to the Cabinet in October 1936 an outline of legislation encompassing the permanent subsidy proposals, measures for the promotion of efficiency, and provision for import regulation.² These were incorporated in the Livestock Industry Bill which became law in mid-1937. As far as the other issue was concerned, after further talks the Government finally reached agreement with the Argentine towards the end of 1936 on the terms envisaged by the Trade and Agriculture Committee following Chamberlain's decisive action. The Beef and Veal Import Duties Act Bill which put a $\frac{3}{4}$ d per lb. levy on foreign

¹ 17 July 1936, 314 H.C. Deb. 5s col 2411.

² Cab.60 (36) of 28 October 1936.

chilled beef, 2/3d per lb. levy on frozen beef and other varying ad valorem duties, was introduced just before the Christmas recess and went on to become law in 1937. The divorce between the levy and the subsidy parts of the Government's beef policy was complete.

It is somewhat ironic that by the time legislation covering the levy and the subsidy was enacted, Elliot was no longer Minister of Agriculture. Fate took a hand in October 1936 when, amidst the preparations of the permanent subsidy and just before the levy agreement was signed with the Argentine, Sir Godfrey Collins died and Elliot was appointed his successor at the Scottish Office. As discussed in Chapter 4, it can be assumed that Neville Chamberlain had more than a little to do with it. The Chancellor had so often been the target and indeed victim in Elliot's battles in Cabinet on behalf of British agriculture. Elliot himself was most reluctant to go to the Scottish Office for although it offered a new challenge, it meant a definite move out of the mainstream of British politics. Two years later, he was appointed to his third and final Cabinet post, the Ministry of Health, where he did such sterling work in the preparations for civil defence including the detailed planning of emergency medical services and evacuation. The zenith of Elliot's political career, however, was the four year period he spent at the helm of British agriculture, guiding it through the worst of the Depression and enacting measures which both enhanced its contribution and facilitated its direction in wartime, and ensured its future survival.

Chapter 8.Yesterday's Man of Tomorrow

Walter Elliot in his four years at the Ministry transformed completely the face of British agriculture. In the autumn of 1932, it was made up of highly individualistic and traditionally independent farmers apparently helpless against the catastrophic fall in prices. By 1936, it had been welded into a highly organized and stable industry with its component branches protected by varying means against the worst effects of the market forces. In the case of beef, the mainstay of British agriculture, Elliot's policy had gone through three stages. In the beginning, quantitative import regulation was employed to try and stabilise prices. Elliot had then waged a successful campaign to have the idea of a levy-subsidy adopted by the Cabinet only to see it founder on the rock of Dominion and foreign opposition. Finally, the Exchequer subsidy, introduced as a temporary repayable measure of assistance while the levy negotiations were conducted, was put on a permanent basis and augmented by a small duty on certain kinds of foreign beef and by market regulation by the Empire Beef Council and the International Beef Conference.

The fact that the levy-subsidy policy for beef was abandoned after four years can be explained not merely on the grounds of the hostile attitude adopted by overseas suppliers but by a change in economic thinking at the Treasury. For Chamberlain,

at the time of the Cabinet's acceptance of the levy-subsidy objective, the idea of a direct Exchequer subsidy to private producers was totally contrary to his political principles. A levy-subsidy policy on the other hand seemed in 1934 an attractive proposition, being a self-financing scheme and perhaps more palatable to the Dominions and foreign suppliers than the strongly disliked quota control policy. In the protracted negotiations that followed, however, it became apparent that the Dominions and the Argentine would never accept a sufficiently high levy to subsidise British producers and were unimpressed by British threats of drastic import cuts if agreement was not reached. The introduction of the cattle subsidy proved that such threats were indeed empty and allowed the Dominions and the Argentine the luxury of sitting back and waiting on the British Government making the concessions.

In the end, it was Chamberlain who backed down in May 1936 by withdrawing his insistence that the levy-subsidy scheme should be self-financing and offering instead a permanent Exchequer beef subsidy regardless of any revenue from an import levy. This sharp change in attitude was not occasioned solely by a realisation of the intensity of overseas opposition to the British proposals and the magnitude of potential political and commercial repercussions. The fact was that after many months of Exchequer subsidies to both beef and milk producers, Chamberlain had gradually become resigned to an interventionist policy with permanent Exchequer assistance to directly protect British agriculture without prejudicing trade policy. The levy-

subsidy idea lingered on for another year as the policy objective for bacon and butter but was then formally dropped by the Cabinet. In the case of the former, imports continued to be subject to quota control and as far as the latter was concerned, the outcome was similar to that of beef with the temporary milk subsidies which underpinned the manufacturing milk price being put on a permanent basis.

One of the cardinal principles of Elliot's policy was that the various branches of agriculture should be assessed individually and protected by the most appropriate method in each case rather than by a common policy. Accordingly, apart from the commodities already mentioned, a straight tariff was employed for the protection of the home production of oats, quantitative regulation for mutton and lamb, an Exchequer subsidy for beet sugar, and a levy-subsidy with an excise duty on flour for wheat. Elliot's insistence on considering each commodity independently reflected his pragmatism. His objective was a highly organized and efficient agriculture but with each section of the industry retaining its individual identity.

The introduction of farming subsidies as a permanent feature of British agriculture was one of the two most important legacies of Elliot's policies. The other was without a doubt the creation of the producer marketing boards. Some worked better than others. The Potato Board was the most successful of all. It solved the problem of a consistent demand and variable yield by stabilising the acreage of production and

undertaking regulation by griddle to iron out seasonal variations.¹ The Government lent a hand by imposing and lifting import restrictions as the supply situation demanded. As with all but one of the Marketing Boards, the operation of the Potato Marketing Board was suspended during the Second World War but it was reconstituted by the Conservative Government in 1954.

The three boards covering the bacon industry proved to be the most complex and least successful. One major problem was the difficulty in reaching agreement on prices profitable to both producers and curers. The Pigs and Bacon Boards had the almost impossible task of simultaneously estimating the cost of feeding stuffs and the selling price of bacon when trying to agree on a contract price. Their problems were aggravated by the fact that they had no control over the pork market. Pig production increased substantially but the producers over-estimated their capacity and failed to supply the curers with the agreed quantity. By 1937 the scheme collapsed altogether. In the same year, the Government gave up the idea of a levy-subsidy and instead continued with its import quota policy, introducing a direct subsidy to producers in 1938.

The Milk Marketing Board had its teething troubles but went on to become a national institution. Its regional pool system supported by the Government subsidy brought stability to an

¹ Regulation by griddle involved altering the gauge of the sieve to select more or less potatoes for marketing depending on the supply situation.

industry in which the prosperity of a producer was previously determined by his accessibility to the limited liquid milk market. The main pre-war problem was negotiating prices with the distributors. During the Second World War, the Milk Marketing Board remained in operation under the general supervision of the Ministry of Food but its price fixing powers were permanently withdrawn and instead producer returns were guaranteed by the Government, a policy enshrined in the 1947 Agricultural Act which introduced the annual Farm Price Review covering all commodities. Since 1942, the Milk Marketing Board and its three counterparts in Scotland and one in Northern Ireland has been responsible for the formidable task of collecting all the milk produced from farmers except those of the small minority of less than 10% who are producer-retailers.¹ The sterling work of the boards with their publicity campaigns and quality improvement measures have dramatically increased the liquid milk consumption figures in Britain over the past forty years.

The pre-war marketing board system had its origin in both Labour and National Government legislation but it was Elliot who was responsible for its development and must be regarded as its founding father. It represented the basis of the efficient organization of production and marketing that characterises today what was at the beginning of this century the most anarchic of all British industries. Producer cooperation has become a sacred principle of British agriculture. It remains

¹ Stanley Baker: Milk to Market p.149.

to be seen, however, what the long-term effects Britain's entry to the E.E.C. and the development of the Common Agricultural Policy will have on the structure of British agriculture.

The producer marketing board system was a practical illustration of Elliot's corporate state philosophy. He did not believe that dictatorship and the corporate state were inseparable partners: the British were empiricists not theorists or logicians and planned capitalism could be achieved without turning to fascism and all its trimmings.¹ Firm in his belief in a positive, constructive alternative to the extremes of both left and right, Elliot was not frightened by logic and frequently adapted the principles of both for his own pragmatic ends.

Elliot's personality was a crucial factor in the formulation of and reaction to the National Government's agricultural policy 1932-1936. His energy and enthusiasm had a tremendous psychological effect on everyone involved. In his own Ministry, he was in the words of his principle lieutenant on marketing "the source of all our inspiration."² He gained the confidence of the traditionally independent-minded farmers and reconciled them to organization and self-discipline. In Cabinet, his intrepidity led to frequent success against those colleagues whose departmental interests conflicted with his own and in Parliament to the respect and indulgence of both sides.

¹ The Times 25 June 1934.

² A.W. Street: Agricultural Organization Today and Tomorrow (Privately Published).

Elliot's years at the Ministry of Agriculture brought him to the forefront of public and political life. His dynamism and enthusiasm stood out in a Cabinet not notable for many individual personalities. Always a stimulating guest and speaker, Elliot graced many of the social and political gatherings of the 1930's. He was a frequent visitor to Cliveden where he indulged in constant debate with his free thinking mind unfettered by departmental briefs and restrictions. In later years, he recalled in vivid phraseology the atmosphere of the great house on the Thames and the personality of its hostess, Nancy Astor. Weekend guests would arrive on Friday at tea-time which resembled "a Bedouin encampment" with a multitude of tables, cushions, papers and people over which Nancy Astor would preside "like a blend between Juno at the siege of Troy, and one of the leading Valkyries caracoling over an appropriate battlefield." Conversation at dinner "was a debate, it was a riot, it was a tidal wave, in the midst of which small islets might be seen holding out determinedly in private talk till they too were borne away by the ever-rolling flood."¹

From Elliot's earliest days in Parliament, many political observers had been predicting a great future. By 1934, their expectations reached their climax. The popular press led the way, its tone and style epitomised by the words of the Sunday Dispatch.

¹ Walter Elliot: 'The Great House', essay written in 1955 for Michael Astor. Copy in Elliot Papers box 4 and reproduced in part in Christopher Sykes: Nancy. The Life of Lady Astor (London: Collins, 1972).

"The one man who obtrudes as being of immediate 'presidential timber' - to use a telling American phrase - is the man who has cast himself for the role of the English Roosevelt, the man who has repeated Joseph Chamberlain's trick of taking a relatively minor office and making it the very hub of the government's policy. That man is Walter Elliot."¹

Of course, one should not place too much emphasis on the political prophecies of the press although in this case the sentiments of the popular press were echoed in the more serious newspapers like the Manchester Guardian which declared that there was no-one at Westminster "whose political future arouses more expectation."² Of much greater importance was the opinion expressed by some of Elliot's contemporaries at Westminster. Robert Boothby, attempting to persuade the undecided Harold Nicolson to enlist under Baldwin's banner, declared that "either Walter Elliot or Oliver Stanley will lead both of whom are Liberals."³ R.A. Butler was another who linked these two names asserting that their political talents far outweighed those of other leadership candidates.⁴ Malcolm MacDonald saw Elliot as the best of the most hopeful Conservative prospects, well ahead of Stanley and Ormsby-Gore.⁵ Tom Jones, the former deputy Secretary to the Cabinet, believed that of all the political runners considered by Janitor⁶ in 1928, Elliot was in

¹ Sunday Dispatch 8 April 1934.

² Manchester Guardian 26 January 1934.

³ Harold Nicolson Diary p.151.

⁴ RAB to Brabourne 22 February 1935, Brabourne Papers.

⁵ Malcolm MacDonald in conversation with the author 16 August 1977.

⁶ Pseudonym of Mary Lyttelton & J.G. Lockhart.

front by several lengths.¹

The expectations of Elliot's friends and colleagues were, however, often accompanied by a certain element of doubt. Some expressed concern that he might get detrimentally entangled in the complex problems of agriculture. Tom Jones and Waldorf Astor were among those who were hoping halfway through his term of office that Elliot would try and move from the Ministry of Agriculture for the sake of his political prospects.²

Butler too was concerned about the chances of Elliot emerging unscathed from a Ministry with a hoodoo reputation but there was another aspect that worried him.³ Elliot's one great failing was indecision caused by his ability to see all points of view rather than by any weakness of character. This was interpreted in some quarters as a lack of judgement and in others as a lack of courage. J.L. Garvin asserted of Elliot that "if only he had, which he has not, that extra touch of dynamic decision which makes a leader, nothing could stand in his way."⁴ Both he and Butler, however, in company with many others, saw that Elliot's marriage in the spring of 1934 might well supply the missing ingredient for it seemed that his wife could provide "the necessary ballast".⁵

Elliot's bride was Katharine Tennant, second youngest

¹ New Statesman & Nation 18 November 1933.
Kingsley Martin discloses Jones's authorship of this anonymous profile in Editorial (London: Hutchinson, 1968) p.59.

² Astor to Garvin 23 February 1934. Astor Papers.

³ RAB to Brabourne 1 March 1935. Brabourne Papers.

⁴ Garvin to Astor 25 February 1934. Astor Papers.

⁵ *Ibid.* and RAB to Brabourne 22 February 1934. Brabourne Papers.

daughter of the redoubtable Sir Charles Tennant. Katharine was one of the most prominent young Scottish Liberals in the 1920's and early 1930's. An extremely active speaker and well-known public figure, she had been asked by Lloyd George to stand for Parliament.¹ She preferred, however, to continue an active political life outwith Parliament, to play golf and to work to help the poor in London's east end with other young women including Nancy Astor's daughter, Wissie. Katharine Tennant was a Liberal by upbringing and conviction. Her father and half-brother had both been Liberal M.P.s and her half-sister was Margaret, Countess of Asquith. However, another sister was married to John de Vere Loder, a progressive Tory M.P. who had been one of the authors of "Industry and the State" in 1927, and Katharine frequently moved in the same social circles as some of the younger Conservatives. She was a popular hostess and her Westminster house was a popular setting for political and social gatherings of young politicians from all parties. From the late 1920's Elliot had been one of the regular guests.

The fundamental difference in the characters of Walter Elliot and Katharine Tennant was that whereas he was not good at coming to a decision, she was extremely decisive. Like Elliot, she had a very strong personality with a similarly scintillating sense of humour and a penchant for political argument. They were exceedingly well matched and had an extremely happy partnership of equals for twenty-four years until

¹ Baroness Elliot in conversation with the author, 13 April 1977.

his death in 1958 whereupon she became one of the first four women life peers and she remains greatly active in the upper House to this day.

Even the considerable attributes of Katharine Elliot, however, could not catapult her husband to the leadership of the Conservative Party. If in retrospect the expectations of his friends and colleagues seem somewhat fanciful, it must be remembered that around 1934, there was no real prospect of another world war and there was every chance that Baldwin would leave the political scene at the same time as MacDonald. As for Chamberlain, his health was not good and he was a much older man. Apart from Chamberlain, there were others ahead of Elliot in the Conservative promotion table. For Elliot to directly succeed Baldwin assuming the retirement of Chamberlain would have meant leapfrogging over men like Hoare and Cunliffe-Lister. In 1934, therefore, it was unrealistic to think of Elliot as a successor in the short term. It was however quite reasonable to portray him as a potential leader and Premier in the longer term. For the young war generation to look in their own ranks for a future leader was both natural and realistic and to many of them, Elliot stood out as the brightest prospect.

By 1936, however, Elliot's political prospects had slumped dramatically. Chamberlain was well and truly ensconced as heir apparent to Baldwin and had become increasingly irritated at Elliot's outspokenness in Cabinet on matters outwith his departmental concern and his relentless battles against the Treasury on issues within his Ministerial scope. Elliot's

agricultural policy intentions had been restricted by imperial and foreign political and commercial considerations and by 1936 it seemed that the scope for further innovation was severely circumscribed. Moreover, by 1936 foreign affairs had become predominant and circumstances no longer favoured an essentially domestic politician and social reformer like Elliot. His appointment to the Scottish Office took him right out of the political limelight. Two years later, he reappeared on centre stage as Minister of Health but just as it seemed that perhaps his prospects were spiralling upwards again, they crashed permanently in May 1940 with the fall of the Chamberlain Government.

Elliot chose the wrong side in the Chamberlain versus Churchill question of the late 1930's. Despite his strong anti-appeasement stance in the Cabinet, Elliot did not resign and in so doing aroused the distrust and scorn of both sides as a wobbler without the courage of his convictions. No matter how honourable Elliot's reasons for not resigning may have been, his fate was sealed. Elliot never again held Cabinet office: Brendan Bracken tried to have him appointed Minister of Education in 1951 but Churchill only offered him a post outwith the Cabinet - the Ministry of Pensions or the Postmaster Generalship - both of which Elliot refused. In the eighteen years between losing office in 1940 and his death in 1958, Elliot did however serve his party and country in many capacities. He was briefly Director of Information at the War Office; Chairman of the Elliot Commission on Higher Education in West Africa, the outcome

of which was the establishment of universities in Nigeria and the Gold Coast; leader of official Parliamentary visits for various purposes to other parts of Africa and the Empire; and High Commissioner for the Church of Scotland. Perhaps, however, his greatest contribution in those latter years was his role of elder statesman, always accessible to younger politicians.

As a true philosopher, Walter Elliot would have felt at home in 18th century Edinburgh such was his passionate curiosity about life. A prodigious talker, he combined a tendency of thinking aloud with that of throwing out ideas both in private conversation and policy discussions with the sole intent of stimulating some sort of positive reaction. Frequently he would start from a premise he himself did not uphold just to provoke a battle of words.¹ He could not only see every point of view on a subject, he could often put each argument more succinctly than its actual exponent. His philosophy was that of attack taking an opponent's arguments to pieces. This did not accord with the technique employed by most successful politicians, that of adopting the ostrich head-in-the-sand position and letting the enemy pass harmlessly by.

Elliot's qualities prevented him from fitting in easily to a party system. A determined enigma, unpredictable and full of paradoxes, Elliot made an uncomfortable colleague in his own party. His rollicking Toryism constituted a true Tory

¹ Malcolm MacDonald in conversation with the author, 16 August 1977.

philosopher independent in mind and action. He had the exuberance of a rebel rather than the zealous obduracy of a potential party leader. The times were not propitious to his ideals and talents. Above all, however, Walter Elliot did not have what Napoleon regarded as the supreme talent for luck was not on his side at the end of the day. By the 1940's, Elliot had become "yesterday's man of tomorrow", the leading Tory "with the best future behind him".¹ He disappointed only those who had predicted that he would become a Conservative Prime Minister. In all other respects, Walter Elliot disappointed no man.

¹ Michael Foot in the Daily Herald 21 September 1948.

APPENDIX I

Versions of verse composed by Osborne Mavor about the use of Elliot's flat as an asylum for drunken university friends.

- 1) John Boyd Orr to Colin Coote, April 1963, WE Papers Box 7.

Should you comrades reel and falter
Stumble down the union stairs
Lead the blind ones round to Walter
They will find a refuge there.

- 2) Scots Review, March 1947.

Should their footsteps fail and falter
Climbing down the union stair
Take the blind ones round to Walter
They will find a refuge there.

- 3) Professor J.D. Mackie in conversation with the author,
15 Feb. 1975.

When his footsteps fail and falter
When he stumbles on the stair
Lead that blind one round to Walter
He'll get bed and breakfast there.

APPENDIX II

MACFLECKNOE VERSES: - "When Found, Make A Note Of."

Baldwin has a policy, a little fiscal policy,

Based upon suggestions by his followers and friends
(Noted very carefully and treasured up with reverence) -
Little bits of tariffs and of quotas and of preference,
Safeguarding and subsidies and other odds and ends.

Baldwin gets a telegram, a little daily telegram

(From Amery or Chamberlain or Brentford, let us say),
Or a letter, or a phone-call, or a postcard, just a penny one
(From Beaverbrook or Rothermere or practically anyone),
To tell him what his policy had better be to-day.

Baldwin keeps a diary, a little pocket diary,

For noting down his policy at each successive stage.
He knows what it was yesterday, because he made a note for it;
But neither he nor we can tell (although he'd have us vote for it)
His policy to-morrow, when he's turned another page.

APPENDIX III

Elliot's letter to the national press, 11 December 1930

Labour M.P.s' Manifesto.

The recent manifesto by Sir Oswald Mosley and the 16 Labour M.P.s deserves our close attention. In the first place let us note that it declares for a reduction of taxation on earned incomes, it admits that no improvement in the social services is possible while the national finances are in their present state, and it emphasises the fact that the present immediate question is not the ownership but the survival of British industry. That 17 Labour members should have come out openly and recognised these facts as the essential preliminary to all discussion is an event of prime importance.

Therefore the remedies proposed are entitled to attention. Two, at least, of these will be greeted by Conservatives with full agreement. The first is control of imports by tariff or licence - in short, protection. The second is the necessity for inter-Imperial planning. A third, the constitution of a smaller Cabinet, a "War Cabinet", five being the number suggested, is a reform which many of us would consider almost essential if responsibility is to be fixed and vigorous executive action facilitated.

Finally, the argument from which the whole document proceeds, that the increasing industrial depression confronts us with a series of wage struggles which if not averted will bring ruinous results, is true and fearful. The opposing pulls in this country have halted the nation at a dead centre and we are drifting down stream. The importance of this document can only be gauged by the trade union support which it eventually evokes. But to frame and publish it must have required much courage; and courage, whether right or wrong, is no quality to be lightly dismissed under the prospect in which we stand to-day.

APPENDIX IV

Letter of 17 December 1930 signed by Elliot, Horne, Buchan and Stanley

The National Need.

We are convinced that throughout the country for men and women of every class the national problems have acquired a new and intense personal interest, and that these problems are viewed in a better perspective and with a clearer vision than by most politicians. Whoever is blind to the gravity of our situation, it is not the ordinary citizen. He has no confidence in any party as a party; he is not disposed to pin his faith to any programme as a programme. His instinct tells him that it is not the party or the programme that matters, but the spirit behind it; and beyond question that instinct is right.

The naked facts are not in dispute. We have lost many of the assets which gave us our lead as an industrial country. Other nations have climbed to our level, and take less of our products because they can make them for themselves. The result is widespread unemployment, which began long before the present world depression, and which is to a large extent independent of it. Much of that unemployment is not an acute temporary malady, but a chronic disease, since certain staple industries must face the fact of a permanent decline to a lower level. To add to this, we have embarked upon costly social services to an extent unknown elsewhere, and our industrial products are therefore burdened with costs which greatly lower their competitive power. We are spending money lavishly, and daily the assets from which we spend are shrinking, and some have gone beyond hope of recovery.

The general lines on which a remedy must be sought are sufficiently clear. In the first place rigorous economy is needed to ensure both that no penny is spent for the moment

except on the bare necessities of our national life, and that full value is got for all expenditure. This involves the refusal, under present conditions, to expand social services, however defensible that expansion may be in theory, and a drastic inquisition into the costs of the whole administrative machine. In the second place an effort must be made to conserve such assets as remain by the adoption of more scientific methods of production and of a reasonable measure of protection. In the third place the oversea markets which we have lost must be regained and extended, partly by bargaining under a system which will regard our home consumers' market as an asset and not only as a liability, and partly by Imperial reorganisation. These lines of solution may still be formally in dispute, but we believe that by the vast majority of thinking people they are not seriously questioned.

The point which we urge is that all the items of such a policy involve for their success a spirit of discipline and sacrifice. They have no facile popular appeal. They are a challenge to the nation to think clearly and to act resolutely. They mean the facing of new facts and the recognition of changed conditions, and that is never easy. They mean the renunciation of creeds which are hallowed to many by sentiment and tradition. They mean the abandonment of the secular habit which constrains parties to bid against each other with the people's money. The opportunities for making prejudice are many. The revision of the National Insurance system, for example, gives a superb opportunity for demagogic mischief. But we believe that the mood of the nation is so serious that, if the truth is plainly spoken, the demagogue will find his occupation gone.

The cardinal fact is that sacrifice and discipline are required from every class. If there is to be a revision of wages in certain sheltered industries, it must be accompanied in the management of such industries by a wholesale revision of methods, and sacrifice on the side of capital as well as of

labour. It is most necessary that the intelligence and the sympathy of organised labour should be enlisted in the solution of the problem. If the trade unions are called upon to relax rules, the establishment of which has been the work of generations, the employer also must revise his practice. So, too, in the sphere of doctrine. If the Free Trader must relinquish his formulas, a certain type of Protectionist must abate his intransigence. The situation is too grave to tolerate any dogma which cannot meet the acid test of facts.

We believe that the British people is more truly responsive to an appeal to duty than to self-interest, and that a call for a great effort of sacrifice and discipline has never been refused, if courageously and honestly made. The nation at the moment is in a grave mood and will not be trifled with. It will not be put off with fiddling while Rome burns.

Nor is it only our national future that is at stake, for democracy itself is threatened. The problems before us are all business problems, and in the minds of many a suspicion is growing that representative government may be inconsistent with efficiency. That is a view which has already spread over Europe, and has led in various countries to the renunciation of democratic institutions. We believe that the suspicion is baseless, and that, just as democracy proved itself the most effective form of government in winning a great war, so it may be made not less effective in the more difficult contests of peace. It lies with the British people to vindicate this truth in the eyes of the world.

APPENDIX V

23rd Dec. 1930

Astley Hall,
Stourport

My dear Walter,

Your letter gave me great pleasure.

Never for a moment have I doubted your loyalty - to me or to the party. I may have doubted your wisdom.

But fundamentally you share my outlook (see my speeches passim for many years past) and unless we can inoculate our party we perish. I look on you as one of the torchbearers in the years to come. My opinions - and criticisms - can only affect the party for a few years at the most. You are one of the men who will influence it for the next generation. That is why I watch you with an affectionate but jealous eye. Jealous, not for myself, but for your position with your own contemporaries, your co-equals and co-eternals. That is why I have spoken out that those who run may read. I have been in politics many years, and seen many a good man, of whom high hopes were held, totter off and fail to stay the course.

I have no fears of you and I hope I may have a period presently when I may be an onlooker with sufficient wit left to me to follow the causes of those of whom to-day I cherish high hopes.

All my best wishes go out to you, my dear Walter, and a good New Year to you and many of them.

Yours very sincerely,

STANLEY BALDWIN.

Written in great haste.

APPENDIX VI

MACDONALD'S CABINET September 1931 - June 1935

Prime Minister: Ramsay MacDonald.
Lord President: Stanley Baldwin.
Chancellor of the Exchequer: Neville Chamberlain.
Home Secretary: Sir H. Samuel → Sir J. Gilmour (Sept. 1932).
Lord Chancellor: Lord Sankey.
Secretary of State for War: Lord Hailsham.
Foreign Secretary: Sir J. Simon.
Lord Privy Seal: Lord Snowden → Stanley Baldwin (Sept. 1932-
Dec. 1933).
Secretary of State for India: Sir Samuel Hoare.
Dominion Secretary: J.H. Thomas.
Colonial Secretary: Sir P. Cunliffe-Lister.
Secretary of State for Air: Lord Londonderry.
Secretary of State for Scotland: Sir A. Sinclair → Sir G.
Collins (Sept. 1932).
Minister of Health: Sir E. Hilton-Young.
President of the Board of Trade: Walter Runciman.
First Lord of the Admiralty: Sir B. Eyres-Monsell.
President of the Board of Education: Sir D. Maclean → Lord
Irwin (July 1932).
Minister of Agriculture: Sir J. Gilmour → Walter Elliot
(Sept. 1932).
Minister of Labour: Sir H. Betterton → Oliver Stanley
(July 1934).
First Commissioner of Works: W. Ormsby-Gore.
Postmaster General: Sir K. Wood (from Jan. 1934).

BALDWIN'S CABINET June 1935 - May 1937

Prime Minister: Stanley Baldwin.
Lord President: Ramsay MacDonald.
Chancellor of the Exchequer: Neville Chamberlain.
Lord Chancellor: Lord Hailsham.
Home Secretary: Sir John Simon.
Foreign Secretary: Sir Samuel Hoare → A. Eden (Dec. 1935).
Lord Privy Seal: Lord Londonderry → Lord Halifax (Nov. 1935).
Secretary of State for War: Lord Halifax → Duff Cooper
(Nov. 1935).
Dominions Secretary: J.H. Thomas → M. MacDonald (Nov. 1935).
Secretary of State for Air: Sir P. Cunliffe-Lister.
Secretary of State for India: Marquis of Zetland.
Secretary of State for Scotland: Sir G. Collins → Walter Elliot
(Oct. 1936).
Colonial Secretary: M. MacDonald → J.H. Thomas (Nov. 1935) →
W. Ormsby-Gore (May 1936).
President of the Board of Trade: Walter Runciman.
First Lord of the Admiralty: Sir B. Eyres-Monsell → Sir Samuel
Hoare (June 1936)
Minister for League of Nations Affairs: A. Eden.
Minister for the Coordination of Defence: Sir T. Inskip
(March 1936).
Minister without Portfolio: E. Percy (resigned March 1936).
Minister of Agriculture: Walter Elliot → W.S. Morrison
(Oct. 1936).
President of the Board of Education: Oliver Stanley.
Minister of Health: Sir Kingsley Wood.
Minister of Labour: Ernest Brown.
First Commissioner of Works: W. Ormsby-Gore → Lord Stanhope
(May 1936).
Minister of Transport: L. Hore-Belisha (from Oct. 1936).

ABBREVIATIONS

G.C.	:	Sir Godfrey Collins.
J.H.T.	:	J.H. Thomas.
J.S.	:	Sir John Simon.
K.T./K.E.	:	Katharine, Baroness Elliot of Harwood.
L.G.	:	David Lloyd George.
N.C.	:	Neville Chamberlain.
O.G.	:	William Ormsby-Gore.
R.A.B.	:	R.A. Butler.
R.M.	:	Ramsay MacDonald.
S.B.	:	Stanley Baldwin.
T.J.	:	Tom Jones.
W.E.	:	Walter Elliot.
W.R.	:	Walter Runciman.

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Cattle Subsidy: Cab.27/605.
Commercial Negotiations with Foreign Countries: Cab.27/489.
Conference between the U.K. and Dominion Representatives
on the Meat Situation: Cab.27/567.
Disarmament/Defence Policy & Requirements: Cab.27/504-511.
Economic Discussions with Australian Ministers: Cab.32/124.
Economic Discussions with Dominion Ministers: Cab.32/126.
Food Supply in Time of War: Cab.16/156.
General Purposes: Cab.27/583.
Irish Situation: Cab.27/524.
Meat Policy: Cab.27/495.
Monetary & Economic Conference: Cab.29/140-144.
Produce Markets Supply: Cab.27/560-561.
Tithe Rent Charge: Cab.27/595.
Trade & Agriculture: Cab.27/619-621.
Unemployment Assistance Board: Cab.27/575-576.
Unemployment Insurance for Agriculture: Cab.27/580.
Unemployment Insurance Policy: Cab.27/552.

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Advisory Committee on Trade Questions in Time of War:
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Advisory Committee on Unemployment Insurance: Cab.27/429 &
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Committee of Economic Information: Cab.58/17.

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35/291/9229, 35/317/9513, 114/55.
Ministry of Agriculture and Fisheries: M.A.F. 53/23, 24, 25,
28, 29, 126, 129.

Treasury: T161/717/540500.

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